Shared Services Joint Committee

Agenda

Date:	**Friday 20th May 2016**
Time:	**2.30 pm**
Venue:	**Room 4.08, Cheshire West and Chester HQ, Nicholas Street, Chester**

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. **Appointment of Chairman**

    To appoint a Chairman for the Shared Services Joint Committee for the 2016-17 Municipal Year

2. **Appointment of Vice-Chairman**

    To appoint a Vice-Chairman for the Shared Services Joint Committee for the 2016-17 Municipal Year

3. **Apologies for Absence**

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

4. **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.

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. **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.

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

To approve the minutes of the meeting held on 18 March 2016

7. **Shared Services Performance Outturn 2015-16 and Business Plan Review 2016-20** (Pages 5 - 50)

To consider a report on the outturn position for the Shared Service arrangements between Cheshire East Council and Cheshire West and Chester Council

8. **Occupational Health Unit Outsourcing**

To consider a report on the outsourcing of the Occupational Health Unit

REPORT TO FOLLOW

9. **New Arrangements for ICT Shared Services and Transactional Shared Services** (Pages 51 - 64)

To consider a report on the transfer of ICT and Transactional Shared Services

10. **Service Reviews** (Pages 65 - 74)

To consider a report on the progress being made in the delivery of the Service Review programme

11. **ERP Replacement Programme** (Pages 75 - 96)

To consider a report on the progress being made in the development of a business case in relation to the future provision of the Councils' core HR and Finance system

Minutes of a meeting of the **Shared Services Joint Committee**
held on Friday, 18th March, 2016 at Committee Room 1 - Wyvern House,
The Drumber, Winsford, CW7 1AH

PRESENT

Councillors JP Findlow, P Bates (Substitute), S Gardner (Substitute), B Clarke (Substitute), P Dolan (Substitute) and L Gittins

Officers
Cheshire East Council
Alex Thompson, Corporate Manager, Strategy and Reporting
Jackie Gray, Corporate Manager, Business Intelligence and Data
Jayne McLaughlin, Corporate Project Manager
Paul Fox, Solicitor
Rachel Graves, Democratic Services Officer

Cheshire West and Chester
Mark Wynn, Head of Finance
Sam Brousas, Head of Professional Services
Aaron Thomas, Programme Manager

30 APPOINTMENT OF CHAIRMAN FOR THE MEETING

RESOLVED:

That Councillor L Gittins be appointed as Chairman for the meeting.

(Councillor Gittins in the Chair)

31 APOLOGIES FOR ABSENCE

Apologies were received from Councillors D Armstrong, D Brown, P Donovan and P Groves.

32 DECLARATIONS OF INTEREST

No declarations were made.

33 PUBLIC SPEAKING TIME/OPEN SESSION

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

34 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 22 January 2016 be approved.

35 **TRANSFER OF COSOCIUS LTD**

The Committee considered a report on the formal arrangements to bring CoSocius Ltd back into shared services arrangements.

In October 2015 the Committee had approved that CoSocius Ltd should cease as a standalone and commercially focussed company and that ICT and HR and Finance shared services revert back to being delivered as an in-house shared service.

A Joint Programme Board had been established in November 2015 to ensure the safe disaggregation of the company and establishment of new host arrangements. The report detailed the work undertaken by the Programme Board to meet the key milestones for 1 April 2016 when CoSocius would cease trading.

CoSocius had reported a loss of £0.8m in 2014-15 and further pressures were being reported for the current year, with the latest estimates indicating that the Company would spend approximately £2m more than it generated in income during 2015-16.   The underlying costs of the services being transferred back to the two Councils were significantly higher that the available funding for 2016-17. Remedial action had already been taken to remove costs. Details of the cost reduction activity to be undertaken were detailed in section 6.2 of the report.

The Committee acknowledged the need to learn from this experience and requested clarification on the governance of the new arrangements. They also asked to receive regular updates on the progress of the transfer process back into the in-house shared services.

RESOLVED: That the Shared Services Joint Committee approve

1   the winding up of CoSocius Ltd and transfer of ICT and HR and Finance shared services back into two in-house shared services;

2   authorisation for the Director of Legal Services for each authority, in consultation with the Section 151 Officers for each authority, to finalise the detailed terms and conditions for, and enter into, all necessary legal documentation and processes required to give effect to recommendation 1 including but not limited to the:

- Administrative Agreement
- Financial Memorandum
- Shared Services Agreement – ICT
- Shared Services Agreement – HR & Finance Transactional Services
- Asset Transfer Agreement – ICT
- Asset Transfer Agreement – HR & Finance Transactional Services
- All necessary legal steps to wind up the company

2   the cost reduction activity outlined in section 6.2 of the report.

3   the Programme Board prepare a formal 'closure' of the transfer project and establish two 'Transition' Programmes, one for ICT and one for Transactional Service to commence cut-over activity and delivery of key activities identified for a 6 month transition period.

36 **COSOCIUS SERVICE REVIEWS**

The Committee considered a report on progress being made in the delivery of the CoSocius Service Review programme.

The report provided an update on the key themes and issues arising from the work to date, and an indication of the direction of travel for each area of review.

The formal transfer of CoSocius activity into the two in-house shared services had provided an opportunity to consider the objectives of the service review programme and would be reviewed alongside the redesign of target operating model for delivery of the ICT services. An update would be brought to the next Committee on the proposed timescale for the remaining reviews.

RESOLVED:

That the progress to date with the series of service reviews underway, and the opportunities for collaboration and sharing across both Councils identified so far be noted.

The meeting commenced at 2.00 pm and concluded at 2.40 pm

Councillor L Gittins

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CHESHIRE EAST COUNCIL
CHESHIRE WEST & CHESTER COUNCIL

: SHARED SERVICE JOINT COMMITTEE

Date of Meeting: 20 May 2016
Report of: Cheshire East – Chief Operating Officer
   Cheshire West and Chester – Director of Finance

Subject/Title: Shared Services Performance Outturn 2015-16 and
   Business Plan Review 2016-20

1.0   Report Summary

1.1   This report provides a summary of the outturn position for the Shared Service arrangements between Cheshire East Council (CE) and Cheshire West and Chester Council (CWaC).   As such it includes both indicative financial and actual non-financial performance over the period 2015-16.

1.2   The report indicates that there has been a general improvement in terms of both financial and non-financial performance. Six Shared Services have been rated as "Green" in terms of their overall performance with one (OHU) maintaining its "Amber" rating. However this represents an improvement on the position forecast at mid-year.   For the fifth year running the aggregated Shared Services are reporting an underspend against budgets.

1.3   All Shared Service business plans have been fundamentally reviewed within a timeframe of 1 to four years and will be subject to annual review.   Key activity to be undertaken is highlighted in the report with a more detailed overview including 2015-16 performance is contained in Appendix 1.

2.0   Decision Requested

2.1   Recommended that the

   ii.   The Shared Services outturn performance for 2015 -16 be noted, and;
   iii.   The Shared Service Business Plans for 2016 onwards be noted.

3.0   Reasons for Recommendations

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

3.2   The Shared Services Performance Management Framework (PMF) has been developed on the basis of Business Plans 2013-16. As is currently stands it provides a good degree of rigour to regular business planning and performance monitoring with detailed reports being produced at mid year and

outturn but this will be reviewed to ensure that align it with new Business Plans and accurately reflects current activity.

4.0   Wards Affected

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

5.0   Local Ward Members

5.1   Not applicable.

6.0   Policy Implications including

6.1   None.

7.0   Financial Implications

7.1   The timing of this report is such that it precedes formal financial outturn reporting in either Council and therefore all figures are to be treated as indicative at this point. In the event that there are any changes in financial performance these will be reported to the next scheduled Joint Committee meeting in July 2016.

7.2   In 2013 three year business plans were produced for the remaining shared services to cover the period 2013 to 2016. Summaries of these plans were noted by the Joint Committee in June 2013. These have since been subject to annual review to ensure that they remain relevant and continue to meet the changing needs of each client.

7.2   At the 2015-16 outturn Shared Services are reporting an indicative aggregated underspend of £91k. High level details of this position are provided below with a full breakdown of the financial position reported in paragraphs 12 to 15 and further details contained in Appendices 1 and 2. This is an improvement on the 2015-16 mid year point when an aggregated overspend of £44k was anticipated.

2015-16	Outturn £000	Budget £000	Variance -Under / Over £000
East cost	970	988	-18
West cost	835	908	-73
Total Cost	**1,805**	**1,896**	**-91**

7.3   **Cheshire East** - Within CE, there is a total underspend of £18k which relates to the underspends within Farms (£16k) and Archives (£17k) offset by overspends in Emergency Planning (£9k) and Occupational Health (£6k).

7.4 **Cheshire West and Chester -** The overall outturn position is an underspend of £73k which relates to underspends within Farms (£12k) and Emergency Planning (£5k) offset by overspends within Archives (£19k) and Occupational Health (£12k). In addition, there are underspends within the Libraries and Archaeology Planning Advisory Service Joint arrangement service of £86k.

7.5 Due to the reduced number of shared services and the level of budgets for these services, the Joint Committee agreed that finance updates are only reported twice yearly at Mid-Year and at Outturn, along with the performance measures. Therefore it is anticipated that the next finance update to the Joint Committee will be the Mid Year report around November 2016. However this report will also include the mid year financial position for the recently returned ICT and Transactional shared services. In the event of any financial issues arising in the interim these will be reported at the earliest opportunity.

8.0 Legal Implications

8.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which the sharing Authorities will work together. This Agreement has recently been refreshed in light of the ICT and Transactional services formerly provided by CoSocius Limited, returning to shared arrangements on 01 April 2016. Individual Shared Service Agreements require that Business Plans are regularly refreshed to ensure that they continue to meet the needs of both authorities going forward and that performance is reported on a regular basis. Business Plans are currently reviewed annually with performance being reported at the mid-year and outturn points.

9.0 Risk Management

9.1 The Shared Service Business Planning process requires that all Managers undertake a risk assessment in developing business plans. The Risk Register that this produces is reviewed at mid year and outturn to ensure that it remains relevant to ongoing service delivery. Any high level risks arising from this process will be considered by the Joint Officer Board to assess if they need to be recorded on the Shared Service Strategic Risk Register.

9.2 Fundamentally there is a risk that the plans for each service do not deliver the required outcome for each Council with regard to meeting the operational and financial expectations of both authorities. This will be monitored by the Joint Officer Board and escalated to the Joint Committee if appropriate.

10.0 Background and Options

10.1 All Shared Services arrangements are underpinned by formal legal agreements 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 is currently assessed.

10.2 In October 2015 a report proposing the future direction of travel for the then remaining seven shared services was endorsed by the Joint Committee

thereby setting the context for delivery going forward. Since then Service Managers have been developing their Business Plans for the medium term with the exception of OHU where alternative arrangements for the delivery of this services are currently being considered.

10.4   The planning timeframe covers April 2016 to March 2020 to align with the councils' Medium Term Financial Strategies although in reality the plans will be subject to annual review to ensure that they remain current and respond to requirements of the latest Comprehensive Spending Reviews. Any changes will be reported as part of the annual Outturn Performance Report

10.5   Initial Business Plans for ICT and Transactional Shared Services have been developed for the period 1 April to 30 September 2016 as part of the new Legal agreements. During this time more substantial longer term plans will be developed in consultation with clients to drive transformation in service delivery up until April 2018 when the arrangements are due to be reviewed. These Plans will be shared with the Joint Committee in due course.

10.6   This report provides a summary of the Shared Services outturn performance for 2015-16 and revised business plans for 2016 onwards. Appendix 1 provides a more detailed overview of performance and business activity. Full copies of the new Business Plans 2016-20 for each shared service will be available at the meeting.

11.0   Performance Outturn 2015-16

11.1   This report summarises the outturn position for 2015-16 for the current formal Shared Services arrangements between CE and CWaC Councils.

11.2   Currently there are seven remaining Shared Services (six CWAC-hosted, one CE-hosted).   Four are shared services where total costs are split against an agreed % cost share agreement as set out in formative Legal Agreements:

- Farms
- Occupational Health Unit (OHU)
- Archives
- Civil Protection – Emergency Planning

The remaining three of the services are subject to revised joint arrangement services where CE pay a fixed contribution to CWAC:

- Rural Touring Network (Grant funded)
- Archaeological Planning and Advisory Services (Transfer Agreement)
- Libraries (Transfer Agreement)

11.2   The table below provides headline indicator for overall performance for each of the above.   This is based on progress against service objectives, performance against budget and national and local indicators as set out in Shared Service Business Plans for 2015-16. Current performance is set

against historic performance to provide an indication of direction of travel for each shared service.

11.3 An assessment of improvement against baseline performance (where available) and targets, has been made to provide an indication of the direction of travel for each indicator. A RAG rating (Red / Amber / Green) has been applied to provide a judgement of overall performance based on these two elements. This suggests that six of the remaining shared services are performing well (Green) with one – OHU, maintaining an Amber rating i.e. mixed performance. This is an improvement on the mid-year point when a slightly less favourable position was reported, as outlined below:

Table 1

SERVICE		Overall Rating 2012-13	Overall Rating 2013-14	Overall Rating 2014-15	Mid Year 2015-16	Outturn Rating 2015-16
A03	Farms Estate	G	A	G	G	G
A04	Emergency Planning	A	G	G	A	G
A05	Occupational Health Unit	A	A	A	A	A
A06	Archives and Local Studies	A	G	G	G	G
A08	Libraries Specialist Support	A	G	G	G	G
A14	Rural Touring Arts	G	G	G	G	G
B14	Archaeology Planning Advisory Service	A	G	G	G	G

11.3 As far as possible each service have provided comparative performance against annual targets and the previous year's performance together with improvement targets for the current and following year.

11.4 It is acknowledged that the performance management framework (PMF) surrounding Shared Services could be more sophisticated than it currently is however any effort and resource to do this needs to be balanced against the potential benefits that this might deliver particularly given the overall reduction in Shared Service arrangements.

11.5 It is considered that as it stands the PMF is sufficiently robust for the current shared operation in that it provides for a regular assurance that services are being delivered to plan and performance targets are being met. However in future this will need to take account of ICT and Transactional Shared Service activity to ensure that this is adequately monitored.

11.6 A detailed summary of current performance for each of the above is contained in Appendix 1 and Appendix 2 with a brief summary of each shared service provided below.

12.0 Farms Estate   **Outturn Position: £29k under**

12.1 The focus for this Shared Service is the delivery of the "management" function for each Farms Estate following the strategy for each Council approved in late 2011 / early 2012.

12.2 In Cheshire East performance has exceeded the overall net revenue target, tenancy changes / activity in year has been significant, contributing positively to estate reorganisation targets and similarly pre-disposal planning consultancy in maximising disposal values albeit underachieved due to planning complications.

12.3 In Cheshire West and Chester performance has exceeded the overall net revenue target although banked capital receipts are less than originally profiled due to delays in securing possession of one property and contract completions due to legal complications.

12.4 Overall, the budget position for each authority for the management of the service shows a net underspend due to a vacancy.

12.5 Looking forward the Service will continue to focus on the delivery of each Council's Farms Estate Strategy from within a shared service model. For CWaC this will be managing the estate to cessation of the service over the long term delivering capital receipts and in CE this will be on improving both operational and financial performance via a physical restructuring of the Estate, rationalisation to improve long term viability, reinvestment of capital receipts to improve the quality of offer and utilising the available land asset to contribute to the wider objectives of the Council.

13.0 Emergency Planning   Outturn Position: £4k over

13.1 The Service has responded to 19 incidents (7 in CE and 12 in CWaC) in 2015-16 including 6 Major Incidents and 7 Major Incident Standbys. These have included the explosion and fire at the Bosley Wood Flour Mill, several closures of the M56 and M6, a plane crash at CarFest, a heatwave, a power outage in Chester, and flooding in Farndon. The team has also been heavily involved in the CWaC response to Operations Mostar and Nominations, as well as a multi-agency anti-slavery operation in March 2016. The team was one of several who won the Management Group Board Community Impact Award 2015 at the Cheshire East Council 'Making a Difference' awards in December 2015 for the team's work in responding to the Bosley Wood Flour Mill - Major Incident.

13.2 The Service has implemented a series of 7 Emergency Management Workshops (2 in CWaC and 5 in CE) with a total of 39 managers attending from both authorities. In addition a series of 4 Introduction to Emergency Planning Workshops were implemented across both authorities to increase awareness of emergency procedures at an operation al level. All events have produced excellent feedback.

13.3 Statutory obligations concerning Industrial Hazard Planning have been met involving 17 top-tier COMAH sites, 1 REPPIR facility and over 600kms of Major Accident Hazard Pipeline. All COMAH, REPPIR and PSR Plans have been uploaded onto Resilience Direct to make them easily accessible to partners.

13.4 The year end position is an overspend of £4k. This is due to Cheshire East accommodation costs of £12k being charged directly to the service resulting

in a Cheshire East outturn of £9k overspend. The Cheshire West position is a £5k underspend.

14.0   Occupational Health   Outturn Position: £18k over

14.1   The overspend in OHU is due to reduced income from schools and external companies. This is an improved position on mid year when the overspend was anticipated to be £30k. This is mainly due to staff vacancies in the team during the last quarter of the year.

14.2   A procurement exercise is currently underway to identify potential alternative providers for OHU services and a potential new supplier has been identified subject to Joint Committee approval and approval within Cheshire East and Cheshire West and Chester governance procedures. It appears that the cost of the service will be slightly higher than at present, however with the potential for further losses of customers if the current occupational health service continues, the costs to each council will continue to rise.

14.3   Performance measures suggest that 2015 / 16 has been a difficult year, but the service has been delivered to the 2 councils plus schools and external customers in line with expectations.

15.0   Archives and Local Studies   Outturn Position: £2k under

15.1   In 2015-16 the key focus for the Service continued to be the Archives Accommodation Project which in the absence of any approved resolution was fundamental to the successful reaccreditation of the Service by the National Archive in that it evidenced a clear direction of travel towards securing new premises in the medium term. There has been an increase in the number people using the Service and efforts to increase and improve outreach activity continue although the number of website visits has reduced. However this can largely be attributed to a fall in visits to partner websites although ratings on the content of the site have improved.

15.2   The overall financial outturn is a small underspend however the variances in each authority are due to an imbalance of budgets between CE and CWaC which is currently being resolved.

15.3   Looking forward the Service will continue to ensure that the Councils meet their statutory obligations for the archives in their care with the focus for the foreseeable future being on developing proposals to secure funding for service transformation. This will predominantly focus on securing improved accommodation but will also include initiatives to improve IT provision, improve provision in local libraries and increase outreach activity to showcase collections to communities around the county in an effort to bring these closer to people.

16.0   Joint Arrangement services

16.1   Since their inception some shared service arrangements have developed and have been replaced by "joint arrangement" services whereby CE pay a fixed contribution to CWaC for the services received. Such arrangements apply to Libraries SS, the Archaeology Planning Advisory Service and the Rural Touring Network. The aggregated financial position for the Joint Arrangement (shared) services is a £86k underspend.

16.2   Libraries Shared Service

16.2.1 In 2015-16 the Libraries Shared Service successfully completed the implementation and bedding in of new management systems in both front line library services and the Education Library Service which has improved service delivery in all areas. Buyback from schools has been maintained and income has increased. Inter-lending response times have improved but the target set for 2015-16 proved to be overly ambitious.

16.2.2 The Libraries Shared Service is underspent in CWaC (£80k) due to increased buyback from schools for Education Library Service (ELS), carry forward of contribution to a new ELS mobile library plus in-year vacancy management as a result of delays in recruitment to posts.

16.2.3 Looking forward a key area of activity will be the renegotiation the service level agreement with Cheshire East which expires in March 2017. Other objectives will be the procurement and implementation of efficient stock contracts in a challenging book supply market and improving the uptake of the Education Library Service whilst maintaining service delivery to frontline libraries across both boroughs.

16.3   Archaeology Planning Advisory Service (APAS)

16.3.1 At the beginning of 2015-16 APAS was incorporated within the CWAC Total Environment Service area but continued to provide services to CE through the renewal of existing shared arrangements based on a fixed fee and subject to annual review.   Performance levels have been maintained throughout this period and there is a small underspend in CWaC resulting from vacancy management.

16.3.2 The annual nature of service agreements reduces the planning timeframe for this Shared Service.   Priorities from APAS in the coming year include maintaining provision of core services whilst continuing to review the potential for a more resilient delivery model going forward.

16.4   Rural Touring Network

16.4.1 At the mid year point the Rural Touring Arts Network was delivering to plan with audience ratings and efforts to increase promotional activity via social media already above target. However recent staffing changes have delayed the production of outturn data but there is no reason to suggest that performance will have deteriorated in the interim.   The outturn financial position is balanced and therefore an indicative green rating has been applied to the RTA for 2015-16. This indicative position will be confirmed at the next mid year review.

17.0   New Sharing Arrangements: ICT and Transactional Shared Service

17.1   Up until March 2016 the provision of ICT and Transactional services to CE and CWaC were provided by the jointly owned company CoSocius Limited. However following this Committee's decision to dissolve CoSocius both of these services have been brought back in house.   The revised sharing

arrangements see the ICT Shared Service being hosted by CE whilst the Transactional Shared Service is hosted by CWaC.

17.2   Both Services have produced high level business plans to guide service delivery during the transitional period – April to September 2016, and these are attached in Appendix 3 and 4. However a key output of the transitional activity will be the development of Strategic Business Plans for both ICT and Transactional Shared Services aligned with the development of the new Target Operating Models and setting out the scope of activity; efficiency measures; income/savings target; key success measures; and commercial direction beyond October 2016.

17.3   It is anticipated that ICT Shared Services and Transactional Shared Service Strategic Business Plans will be brought to the Joint Committee for endorsement in the autumn.

18   Conclusion

18.1   Performance ratings have been maintained across the remaining Shared Services in 2015-16 with six receiving a Green RAG rating and just one Amber rating. Budget performance has improved across the board from the mid year point and this is reflected in the overall position. However it is evident that ongoing staffing issues in OHU are affecting the unit ongoing resilience and as a consequence this continues to have an adverse impact on performance.

18.2   The overall approach to performance management is embedded and as it currently stands is sufficiently robust for the level of shared activity to date. However the return of the ICT and Transactional shared services will require more robust scrutiny going forward. Therefore the overall approach to the performance management of shared services will be reviewed to ensure that it continues to provide sufficient reassurance to the Joint Officer Board and Joint Committee about the efficiency and effectiveness of shared arrangements going forward.

19   Access to Information

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

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         Mark Wynn, Director of Finance – Cheshire West & Chester Council
Tel No: 01270 686013 / 01244 977830
Email: Peter.bates@cheshireeast.gov.uk / mark.wynn@cheshirewestandchester.gov.uk

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 2N

SHARED SERVICE OUTTURN PERFORMANCE REPORT 2015 - 16: SUMMARY   Appendix 1

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 2015-16. 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	Overall Rating 2013-14	Overall Rating 2014-15	Mid Year Rating 2015-16	Outturn Rating 2015-16
A03	Farms Estate	The focus for this Shared Service is the delivery of the "management" function for each Farms Estate following the strategy for each Council approved in late 2011 / early 2012. CE - Whilst exceeding the overall net revenue target, tenancy changes / activity in year has been significant, contributing positively to estate reorganisation targets and similarly pre-disposal planning consultancy in maximising disposal values albeit underachieved due to planning complications. CW&CBC - Whilst exceeding the overall net revenue target, banked capital receipts are less than originally profiled due to delays in securing possession of one property and contract completions due to legal complications. Overall, the budget position for each authority shows a net underspend and the analysis of management costs, whilst within budget, draws attention to the impact of disposals activities and work on property, other than the farms estate.	G	A	G	G	G
A04	Emergency Planning	The Service has performed well throughout a challenging 2015-16, co-ordinating the response to 19 incidents including 6 Major Incidents and 7 Major Incident Standbys. The Service has been heavily involved in the Cheshire East Council response to the Bosley Wood Flour Mill Major Incident and this will continue during 2016-17. Although the high number of large-scale incidents has had an impact on full delivery of the Service's Business Plan, the team has continued to perform strongly in delivering increased preparedness and resilience levels across both Authorities, whilst also ensuring that statutory obligations and income targets have been met.	A	G	G	A	G
A05	Occupational Health	Early in 2015-16 the Joint Committee agreed to a joint procurement exercise with Warrington Borough Council to explore the potential for external provision of OHU services. This exercise is due to conclude at the end of May 2016 and will set the direction for future delivery. Performance measures suggest that this has been a difficult year, but the service has been delivered to the 2 councils plus schools and external customers in line with expectations. The budget position at outturn was an overspend of £18k	A	A	A	A	A

	SERVICE	SUMMARY OF PERFORMANCE	Overall Rating 2012-13	Overall Rating 2013-14	Overall Rating 2014-15	Mid Year Rating 2015-16	Outturn Rating 2015-16
A06	Archives	Service targets have been delivered including the procurement of off site storage however the Accommodation project remains a key focus and is set to continue into the new planning phase. The National Archives Accreditation was submitted in the summer and a validation visit took place in October with accreditation being confirmed in November 2015 subject to accommodation issues being addressed. There has been a slight increase in new users. The transfer of CE employees to CWaC was also completed. The budget position at outturn was £2k overspend.	A	G	G	G	G
A08	Libraries Specialist Support	The Libraries Shared Service successfully completed the implementation and bedding in of new management systems in both front line libraries and the Education Library Service is evidenced in improvements in frontline service delivery. Buyback from schools has been maintained and income has increased. Interlending response times have improved but the target was overly ambitious. The budget position at outturn is an underspend of £80k attributable to CWaC as CE pay a fixed contribution.	A	G	G	G	G
A14	Rural Touring Network	At the mid year point the RTN was delivering to plan with audience ratings and efforts to increase promotional activity via social media already above target. However recent staffing changes have delayed the production of outturn data but there is no reason to suggest that performance will have deteriorated in the interim. The outturn financial position is balanced and therefore an indicative green rating has been applied to the RTA for 2015-16. This indicative position will be confirmed at the next mid year review.	G	G	G	G	IG
B14	Archaeology Planning Advisory Service	The Archaeology Planning Advisory Service continues to deliver services with performance currently exceeding expectations. Potential alternative delivery models are still being explored with a view to making the service more resilient to changes in conservation services. In the interim the sharing arrangements between the two Councils have been extended until 31.03.17. The budget position at outturn is an underspend of £6k on the CWaC side owing to vacancy management and delays in recruitment	A	G	G	G	G

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RAG Rating

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

A03   Farms Estate Management Outturn Performance 2015-16   Overall Rating: | G |

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. This includes the rural based specialism's required for 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, and it is the additional costs associated with replacing or replicating the required skills sets that remain the fundamental reason for the formation and continuation of this 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 unstated period of years, focussing on disposals activity whilst managing the estate through this exit strategy.
- 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 2017/18. 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.
  - The realisation of capital receipts and improvement of the long term financial viability through the rationalisation of the Estate.
  - The 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.

Achievements against 2015-16 Delivery Plan

CEBC
1.   9 long term tenancy end changes, 3 subsequent completed new lettings (see impact on estate structure stats below)

Size Category	40 – 60 acres	60 – 95 acres	95 plus acres	Number Vacant Properties	Total No Properties	Total Area (Acres)
Starting Structure	32	23	15	3	73	5119
Structure 31/03/2016	19	23	16	5	58	5044
Target Structure		10	27	0	37	4996

2.   £1.256m capital receipts from the sale of 3 properties, contributing to the key objectives of service reorganisation, improvement and disposals with an estimated £2.73 million of property (6 disposals) identified for disposal in 2016/17 thus far.

CW&CBC
1. 2 long term tenancy end changes.
2. £1.173 capital receipts from the sale of 3 properties, contributing to the key objectives of service reorganisation, improvement and disposals with an estimated £3.89 million of property (13 disposals) identified for disposal in 2016/17 thus far.

Outturn Position 2015-16

Farms	Total -£29k under	CE -£17k under	CWAC -£12k under
The year end position is an underspend of £29k and is due to lower than budgeted staffing costs due to a vacancy within the service.			

Business Plan 2016-20

The Service will continue to focus on the delivery of each Council's Farms Estate Strategy from within a shared service model. For CW&CBC this will be managing the estate to cessation of the service over the long term delivering capital receipts and in CEBC this will be on improving both operational and financial performance via a physical restructuring of the Estate, rationalisation to improve long term viability, reinvestment of capital receipts to improve the quality of offer and utilising the available land asset to contribute to the wider objectives of the Council.

A04   Emergency Planning Outturn Performance 2015-16   Overall Rating: 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:

(a) Have the capability to respond effectively and efficiently to any major emergency in support of their communities, and the multi-agency response;
(b) Perform their statutory duties under the Civil Contingencies Act, COMAH (Control of Major Accident Hazards), REPPIR (Radiation Emergency Preparedness & Public Information Regulations), PSR (Pipeline Safety Regulations), and Flood & Water Management Act legislation, and;
(c) Participate effectively in the delivery of the multi-agency work and training programme as a member of the Cheshire Resilience Forum.

Achievements against 2015-16 Delivery Plan
The Service has responded to 19 incidents (7 in CE and 12 in CWaC) in 2015-16 including 6 Major Incidents and 7 Major Incident Standbys. These have included the explosion and fire at the Bosley Wood Flour Mill, several closures of the M56 and M6, a plane crash at CarFest, a heatwave, a power outage in Chester, and flooding in Farndon. The team has also been heavily involved in the CWaC response to Operations Mostar and Nominations, as well as a multi-agency anti-slavery operation in March 2016. The team was one of several who won the Management Group Board Community Impact Award 2015 at the Cheshire East Council 'Making a Difference' awards in December 2015 for the team's work in responding to the Bosley Wood Flour Mill - Major Incident.

The Service has implemented a series of 7 Emergency Management Workshops (2 in CWaC and 5 in CE) with a total of 39 managers attending from both authorities. In addition a series of 4 Introduction to Emergency Planning Workshops were implemented across both authorities to increase awareness of emergency procedures at an operation al level. All events have produced excellent feedback.

Statutory obligations concerning Industrial Hazard Planning have been met involving 17 top-tier COMAH sites, 1 REPPIR facility and over 600kms of Major Accident Hazard Pipeline. All COMAH, REPPIR and PSR Plans have been uploaded onto Resilience Direct to make them easily accessible to partners.

Outturn Position 2015-16

Civil Protection – Emergency Planning	Total £4k over	CE £9k over	CWAC -£5k under
The year end position is an overspend of £4k. This is due to Cheshire East accommodation costs of £12k being charged directly to the service resulting in a Cheshire East outturn of £9k overspend. The Cheshire West position is a £5k underspend.			

A04 Emergency Planning Outturn Performance 2015-16

	Measure	Responsible Officer	Split	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 at Mid Year	2015-16 Outturn	Comments on 2015-16 Outturn Performance
EPM1	Overall delegate satisfaction with training events (i.e. very good, good, satisfactory)	Suzanne Pritchard		100%	100%	100%	100% ↔	100% ↔	Implemented a series of 7 Emergency Management Workshops (2 in CWaC and 5 in CE) with a total of 39 managers attending from both authorities. In addition a series of 4 Introduction to Emergency Planning Workshops were implemented across both authorities, open to all officers, and designed to raise awareness levels at the operational level. The team also ran bespoke training events for Services in CE and CWaC, an Emergency Rest Centre Workshop and a Drop in Session for staff in CE. All of these training sessions have received excellent feedback from delegates.
EPM2 and M3	Statutory plans and exercises delivered within agreed timescale	Chris Samuel	Overall	100%	100%	100%	100% ↔	98%↓	All COMAH, REPPIR and PSR plans are currently within agreed ONR and HSE timescales. Over the course of 2015-16 the team has undertaken 4 plan revisions including the Off-Site Plans for Avanti (Ellesmere Port) and EDF (Warmingham), produced 2 new off-site plans, and revised the Cheshire Major Accident Hazards Pipelines Plan. The team also co-ordinated 4 multi-agency off-site plan exercises including HW Coates (Middlewich) and Ecolab (Northwich). The latter was completed outside HSE timescales due to factors out of the team's control.
EPM4	Public awareness of what to do in the event of a major emergency.	Chris Samuel	Overall						Results from CE Citizens Panel (Spring 2015) showed a decrease from 22% in 2013-14 to 17% in 2015-16. The result from the last CWaC Community Survey in 2011-12 was 18.2%. This KPI is to be discontinued in 2016-17.
			CE	22%	N/A	25%	17% ↓	17↓	
			CWAC		-	-	-	-	
EPM5	Major Incidents/ Major Incident Standbys responded to by Duty Emergency Planning Officer within appropriate timescales.	Chris Samuel	Overall	100%	100%	100%	100% ↔	100% ↔	19 incidents responded to in 2015-16 (see above for more information).

Business Plan 2016-20

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 has 7 staff (3 CWaC and 4 CE) with six officers based in Chester and one in Sandbach. The service will have a budget of £296K pa in 2016-17 of which £33K will be income generated through cost recovery for work performed under COMAH, REPPIR and PSR legislation. The budget for 2016-17 reflects a £18K efficiency saving, and recent national pay awards.

The challenges and opportunities that will shape future service delivery and inform key objectives are as follows:

(1) Reduced temporary staffing;
(2) Budgetary constraints;
(3) COMAH - Seveso III will have an impact on the number and type of top-tier COMAH sites situated in the CE and CWaC areas. Consequently, the service could see its COMAH Top-Tier Sites portfolio increase from it's current 17 in coming years with a resultant increase in workload;
(4) Reservoirs - there is the potential for an increase in the number of High Priority Reservoirs in the two authority areas with a resultant increase in workload, and
(5) Incidents - Increases in Major Incidents and/ or Standbys may lead to increased activation of Council Major Emergency Response Plans and thus an impact on future work plans.

The focus of the Business Plan in 2016-17 will remain on delivery of the Service's key objectives:

(1) Continued emergency management training for Senior Managers, staff and Members,
(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,
(4) Implement recommendations from CEC Bosley Wood Flour Mill Major Incident Structured Debrief Report,
(5) Continue implementation of medium to long-term projects, which increase community resilience and emergency preparedness levels,
(6) Design, consult on and implement an appropriate public information campaign for Trentabank/ Ridgegate Reservoir Off-Site Plan (Langley),
(7) Lead on design and testing of a Multi-Agency Coastal Pollution Response & Recovery Plan for Cheshire Resilience Forum area, and
(8) Continue participation in and co-ordination of Cheshire Resilience Forum (CRF) projects, planning, training and exercises,
(9) Develop and apply initiatives to drive continuous improvement in operations to enable clients to achieve their outcomes thereby increasing customer satisfaction and providing value for money.

A05 Occupational Heath Unit Outturn Performance 2015-16   Overall Rating: | A |

Service Manager: Eric Burt

The Occupational Health Unit (OHU) supplies 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 OHU Manager with support from an admin team led by an Admin Team Leader. There are 9 employees in OHU. The Unit operates two main clinics; Goldsmith House in Chester and Westfields in Sandbach.

During 2015-16 the Joint Committee agreed to a joint procurement exercise with Warrington Borough Council to explore the potential for external provision of OHU services.

Achievements against 2015-16 Delivery Plan

The Unit has managed to provide the service during 2015 / 16 but there have been significant challenges with sickness absence among medical and admin staff above the average. The implementation of SEQOHS (a national occupational health service delivery standard) has been delayed due to staffing issues.

Clinics have been run in all the locations originally specified in the service delivery plan, plus a number of clinics on customer's premises. Most customers have bought back the service

Outturn Budget Position 2015-16

Occupational Health Unit (OHU)	**Total £18k**	**CE £6k**	**CWAC £12k**
The overspend is due to reduced income from schools and external companies. The position has improved since mid year due to a vacancy in the team in the last quarter of the year.			

A05 Occupational Heath Unit Outturn Performance 2015-16

	Measure	Responsible Officer	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 at Mid Year	2015-16 Outturn	Comments on 2015-16 Outturn Performance
1.2	Customer liaison either face to face, e-mail or telephone is maintained.	Eric Burt	95% of customers re-signed their contracts	85% of external customers re-signed their contracts	100% buy-back of occupational health from external customers	90% of customer have bought back occupational health	90% of customers have bought back occupational health	
2.1	The OHU Admin Team is restructured and achieves a budget reduction	Eric Burt	Achieved	Achieved	Achieved	Achieved	Achieved	
3.1	EOPAS is available to external customers	Eric Burt / ICT Project Officer	Project preparation work outlined	Put on hold as customer base has reduced	On – hold at present	Withdrawn due to proposal to out-source OHU	Withdrawn due to proposal to out-source OHU	
4.1	Operate clinics at Sandbach and Chester as well as customer clinics as required	Eric Burt	On target	On target	Clinics at Sandbach, Chester and customer premises	Achieved	Mostly Achieved	Several clinics have been cancelled due to staff sickness in March / April 2016
5.1	Continual review of OHU policies and procedures to drive good practice and respond to national guidance	Eric Burt	On target	All policies and procedure have been reviewed	All policies and procedures reviewed	Achieved	SEQOHS submission awaiting final approval	SEQOHS is a national occupational health service delivery standard

Business Plan 2016-17

The joint procurement exercise with Warrington BC is due to be completed by the end of May 2016 and the outcome will have a major bearing on service activity for the current year. In the event of a suitable provider being procured, day to day OHU service provision will need to be managed against a background of transitional chance to put into effect new arrangements by 1 September 2016. Service provision will then be subject to contract management in each Council and formal sharing arrangements for the OHU will be terminated.

A06 - Archives and Local Studies Outturn Performance 2015-16

Overall Rating: **G**

Service Manager - Paul Newman

Cheshire Archives and Local Studies (CALS) shared service is part of nation-wide network of statutory archive provision that fulfils the statutory requirement for all Councils under the 1972 Local Government Act to make proper provision for the archives in their care. 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 employs 16.8 FTE staff.

Key Achievements for 2015-16

- Achieved Accredited Archive status, receiving praise for the service's strong 'people-centred vision'
- Developed new vision for the service in partnership with stakeholders and customers
- Secured additional 5 years' worth of accommodation for collections
- Continued Local Studies improvement programme in libraries
- Delivered new programme of events, attracting a new audience to the service
- Hosted Transforming Archives traineeship, to accelerate digitisation programme
- 98% of customers rated 'remote' (email/website) service as very good/good
- Launched 'Absent Voters List' volunteer project as part of the Cheshire East Reflects First World War commemoration programme
- Ran Explore Your Archive events in partnership with the Saltscape Landscape Partnership to promote the service and salt-related collections in the centre of the county

Outturn Budget Position 2015-16

Archives	Total £2k	CE -£17k	CWAC £19k
The overall position is a small overspend however the variances in each authority are due to an imbalance in budgets between CE and CWaC which is currently being addressed.			

A06 - Archives and Local Studies Outturn Performance 2015-16

	Measure	Responsible Officer	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 at Mid Year	2015-16 Outturn	Comments on Outturn Performance 2015-16
ALS-001	Percentage of customers who rate service as good/very good in national survey	Paul Newman	100%	98%	9.3 (onsite visitors)	95%	-	98% (remote visitors)	Bi-annual survey - 2015/16: survey of 'remote' (email/website) customers 2014/15: average mark out of 10: visitors to Record Office only
ALS-002	Net expenditure per '000 population in CIPFA Archive service statistics (b)	Paul Newman	Lowest quartile	Lowest quartile	Lowest quartile	Lowest quartile	Lowest quartile	Lowest quartile	
ALS-003	SLA with Halton and Warrington Borough Councils	Paul Newman	As is	As is	Maintained	Maintained	Maintained	Maintained	
ALS -004	Increase in use of online resources as measured in website visits	Paul Newman	200,000	1.4 million	1,434,139	1.4 million	821,407	1,328,651	Drop mostly due to fall in visitors to commercial partner's Cheshire content
ALS-005	Archives Accreditation Scheme - achieve accredited status (Replaces ALS 001 and 002)	Paul Newman	-	-	Application in progress	Application submitted	Application submitted	Accreditation achieved	Very positive report, although accreditation contingent on resolving accommodation issues
ALS-006	Percentage of new accessions of archives made available to customers within one month/3 months of receipt	Lisa Greenhalgh	-	-	83%/99%	80%/95%	84%/95%	83%/97%	Accessions not available receiving specialist conservation treatment
NEW ALS-007	Percentage of visitors to Record Office who are new to the service	Adam Shaw	-	-	24%	25%	25%	26%	
NEW ALS-008	Percentage of attendees at events who are new to the service	Adam Shaw	-	-	-	40%	-	57%	To assess success of events aimed at attracting new audience to service

Business Plan 2016-20

The Service will continue to ensure that the Councils meet their statutory obligations for the archives in their care with the focus for the foreseeable future being on developing proposals to secure funding for service transformation. This will predominantly focus on securing improved accommodation but will also include initiatives to improve IT provision, improve provision in local libraries and increase outreach activity to showcase collections to communities around the county in an effort to bring these closer to people. Efforts will be made to increase funding through the development of new and innovative partnerships which will support the overarching aim of establishing a recognised centre of excellence in collections and service delivered by knowledgeable staff which will consequently provide a stronger more visible corporate resource for Cheshire West and Chester, Cheshire East, Warrington and Halton Borough Councils.

A08 Libraries Shared Service Outturn Performance 2015-16   Overall Rating: G

Service Manager   Rachel Foster

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

There are a total of 35.32 FTE members of staff and a budget of £729,456 with two premises at Hartford Way, Chester and ELS at Browning Way, Winsford, two delivery vans at Hartford Way and one mobile and two delivery vans at ELS. .

Key Achievements 2015-16

- Procured, selected and implemented a new library management system for CE and CWAC libraries
- Procured, selected and implemented a new library management system for the Education Library Service
- Increased income by 1.5% in Education Library Service
- Launched a new e-book service
- Secured full funding for the Bookstart Team from CE and CWAC Children's and Families teams to date

Mid Year Budget Position 2015-16

Libraries Shared Service	**Total -£80k**	**CE Balanced**	**CWAC -£80k**
Cheshire East pays a fixed contribution to CWaC for this Service. In CWaC the Service has an underspend due to the increase in buyback from schools, carry forward of contribution to a new ELS mobile library and in-year vacancy management.			

A08 Libraries Shared Service Outturn Performance 2015-16

	Measure	Responsible Officer	Split	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 Mid Year	2015-16 Outturn	Comments on 2015-16 Mid Year Performance
LSS 001	Linked to delivery of Early Years Foundation Stage – gifting of Bookstart packs as a percentage of the target group	Frances Lennon	Overall	98%	91.9% of target group. 14,090 packs gifted	96.85% 15,111 packs gifted	95%	7963 delivered to mid year	92% 14,355 packs delivered	Challenges getting Baby packs into health centres in Cheshire East particularly in the Crewe area. Resolving these issues has been identified as a priority for 2016-17.
			CE	98.35	89.33%	96.1%			86.4%	
			CWAC	97.65	94.63%	97.6%			98.2%	
LSS 002	Staffing Levels	Rachel Foster	Overall	38.5 FTE	36.28 FTE	35.32 FTE	n/a	34.32FTE	34.96 FTE	Carrying a vacancy pending LMS implementation structure review.
LSS 003	ELS Growth of client base	Rachel Foster	Overall	2% decrease in primary and special schools. 2% increase in secondary schools	3.75% decrease in primary and secondary schools. 0.23% increase in secondary schools	0.7% increase in income £858,584 from schools	1% increase in income to £867,169 from schools	Maintained buyback to date. 2 new schools registered interest.	1.5% increase in income £871,723 from schools	Subscriptions gained from 1 Special school and 1 Independent school. Subscriptions ceased from 2 primary schools. Maintained buyback to date.
LSS 004	Delivery of new stock – time from new stock arriving from supplier to being despatched to libraries	Lexa Farthing	Overall		3.25 days	3 days	3 days	5 days	3 days	Average figure. Figure varies dependent on volume of ordering taking place at any one time.
LSS 005	Stock orders from libraries submitted to supplier	Lexa Farthing	Overall		3 days	3 days	3 days	2 days	1.5 days	Appear on LMS more quickly than previously and orders go through to supplier more efficiently because of new LMS.
LSS 006	Interlending response times – item request placed and response sent to library	Lexa Farthing	Overall		53.4% within 3 days 31.8% 4 to 5 days 14.8% over 5days	76.64% in 5 days 47.19% within 3 days. 29.45% 4 to 5 days. 23.35% over 5 days.	85% within 5 days	82% within 5 days 63% within 3 days 19% 4-5 days 18% over 5 days	80% within 5 days 56% within 3 days 24% within 4-5 days 25% over 5 days	Increase on 14/15 performance but target

LSS 007	Local ENQUIRE service – number of questions answered	Rachel Foster	Overall	6.9%	8.65% – 3213 questions answered	3489 questions answered	2% increase to 3558	1875 answered to date	3.5% increase 3611 questions answered	Promotion on the new system, following new LMS implementation, has led to higher usage

Business Plan 2016-20

Key to this planning period will be the continuation of the service level agreement with Cheshire East Library Services. The current agreement is due to expire in March 2017 so discussions need to start as early as possible to gain a full understanding of any future agreement and its implications on resources and services going forward which will than enable LSS to plan accordingly.

A key priority will be the effective procurement and implementation of efficient stock contracts to supply Public Libraries and Education Library Service in a challenging book supply market.

Whilst there has been some improvement in stabilising subscriptions to the Education Library Service efforts will continue to maintain usage. The service will be actively marketed to non-buyers within the current geographic area and beyond with a view to increasing and stabilising subscriptions which in turn will enable more effective management of the service going forward.

LSS will be supporting activity to improve front end Library Services that meet the needs of clients and customers. This includes securing funding from Cheshire East and Cheshire West Library Services to enhance the Library Management System to ensure that it remains a fit for purpose and effective system and supporting both Councils in developing their digital strategies for their library services. The Service will continue to provide core services and specialist knowledge relating to ICT, publishing, stock procurement, distribution and supplier selection and will ensure that contracts continue to meet the needs of users and support the priorities for both services.

A14 Rural Touring Arts Network Outturn Performance 2015-16   Indicative Overall Rating:

The purpose of Cheshire's Rural Touring Arts Service (CRTA) is to provide a programme of high quality professional arts activities and events for rural areas in Cheshire in partnership with the communities of the villages involved.

CRTA is run by 1.5 posts, 2 part time scheme managers and a part time administrator. The CRTA is funded by the 2 local authorities and Arts Council England (ACE) as a National Portfolio Organisation.. The CRTA is hosted by CWAC and sits within the Arts and Festivals team in West and within the Arts, Heritage and Cultural Services on the East and contributes to the ongoing service plans of both teams through:

- Enhancing quality of life in rural areas by the provision of professional arts experience
- Boosting the rural economy by encouraging visitors to take advantage of visiting local pubs/restaurants in the vicinity of Arts events
- Encouraging volunteering and empowering "cultural community champions" in rural localities
- Animating local buildings as arts venues

Key Achievements for 2015-16

To be advised

Outturn Budget Position 2015 -16

Rural Touring Arts	Total Balanced forecast	CE balanced	CWAC balanced
Cheshire East pay a fixed contribution to CWaC for this Service. The Service is forecasting a balanced outturn			

A14 Rural Touring Arts Network Outturn Performance 2014-15

	Measure	Responsible Officer	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 Mid Year	2015-16 Outturn	Comments on 2015-16 Performance
RTA 1	Maintain quarterly meetings with Client Managers	Jen Henry / Claire smith	N/A	8	4	4	2		
RTA 2	Maintain quarterly meetings with Cheshire Lancashire Partnership	Jen Henry / Claire smith	N/A	4	4	4	2		
RTA 3	% of audience rating performance as good or excellent	Jen Henry / Claire smith	97%	94%	97%	95%	97% (spring 15 figures only)		
RTA 4	Number of youth venues identified and supported	Jen Henry / Claire smith	N/A	7	2	2	2		
RTA 5	Number of venues maintained	Jen Henry / Claire smith	N/A	26	27	27	27		
RTA 6	Number of Promoter meetings held p.a.	Jen Henry / Claire smith	N/A	Achieved	5	5	3		
RTA 7	Liaison with PANDA maintained	Jen Henry / Claire smith	N/A	Achieved	Pitching event took place. 2 companies booked onto scheme and 3 companies mentored	To support and programme at least 2 artists from the 2015 PANDA programme and be involved in the 2016 programme	1 artist programmed in spring 15. 2 artists programmed for autumn 15 menu		
RTA 8	Increase Facebook and Twitter activity and usage to promote events	Jen Henry / Claire smith	N/A	280 Facebook (+162=137%) 201 Twitter (+ 89 = 79%)	304 Facebook friends 293 twitter followers	Continue to increase social media use to promote events and reach new audiences.	Social media/marketing training session planned for Jan 16		

	Measure	Responsible Officer	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 Mid Year	2015-16 Outturn	Comments on 2015-16 Performance
RTA 9	Build a new RTA Website to promote events	Jen Henry / Claire smith	N/A	Not Achieved	Website built and live for spring 15 season	N/A	N/A		
RTA 10	Audience Feedback collated to inform future programmes	Jen Henry / Claire smith	N/A	90% of events surveyed	90% events surveyed	90% of events to be surveyed in the current form system. The data collection process is being reviewed in 2016 in line with Arts Council advice	90% of events in spring 15 surveyed		
RTA 11	Annual Report issued	Jen Henry / Claire smith	N/A	Not Achieved	Achieved	End of year report is part of the Arts Council Annual reporting process to be completed by 5th June	Annual report for 14/15 sent to arts council in May 15. Next report due in May 16		

Business Plan 2016-20

To deliver a vibrant Rural Arts Programme that supports new and emerging artists into the rural touring sector delivered across CE and CWac's rural communities and to improve digital promotion of events through social media and online ticketing to increase audience numbers and improve customer satisfaction.

B14- Archaeology Planning Advisory Service Outturn Performance 2015-16   Overall Rating at Outturn: **G**

Service Manager: Ian Hesketh

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 is hosted by CWAC and consists of 4.33 FTE employees.

The scope of APAS includes:

- Developing and maintaining the Cheshire Historic Environment Record (CHER)
- Advising on policies, strategy and guidance relating to archaeological resources and historic landscape
- Advising on the archaeological implications of development in line with national guidance
- Advising on the application and interpretation of archaeological legislation to ensure compliance with statutory requirements
- Advising on land use changes and development and regeneration initiatives
- Advising on the management of archaeological sites
- Promotion, education and outreach activity to enhance community engagement

Key Achievements for 2015-16

- Assessed 766 planning applications for archaeological implications and provided archaeological advice on 279 applications.
- Monitored 60 schemes of archaeological fieldwork.
- Reviewed and/or amended 11% of the records in the Cheshire Historic Environment Record.
- Provided information from the Cheshire Historic Environment Record for 221 consultations.
- Received 32,891 individual record requests to Revealing Cheshire's Past, the public access version of the Cheshire Historic Environment Record

Outturn Budget Position 2015 -16

Archaeological Planning and Advisory Services	Total Balanced	CE balanced	CWAC -£6k
Cheshire East pay a fixed contribution to CWaC for this Service. The CWaC underspend is mainly due to vacancy management and delays in recruitment to posts.			

B14- Archaeology Planning Advisory Service Outturn Performance

	Measure	Responsible Officer	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Target	2015-16 Mid Year	2015-16 Outturn	Comments on 2015-16 Outturn Performance
ARCH001	% of number of records reviewed in the Cheshire Historic Environment Record per annum	Ian Hesketh	30%	24%	8%	5%	6%	11%	Performance has exceeded target in 2015-16.
ARCH002	% of general enquiries to the Cheshire Historic Environment Record responded to within 15 working days	Ian Hesketh	96%	98% ↑	99%	90%	99%	98.8%	Performance has exceeded target in 2015-16.
ARCH003	% of Countryside Stewardship enquiries to the Cheshire Historic Environment Record responded to within 20 working days, according to agreed national service standard	Ian Hesketh	96%	100%	100%	100%	100%	100%	Performance has exceeded target in 2015-16.
ARCH004	% of archaeological development control advice provided within 21 working days.	Ian Hesketh	100%	100%	99.5%	100%	100%	99.7%	The level reached in 2015-16 has, to all intents and purposes, achieved the performance indicator and the actual percentage achieved (99.7%) reflects the fact that one consultation from Warrington could not be responded to on time due to a lack of information from the Borough.

Business Plan 2016-17

The annual nature of service agreements reduces the planning timeframe for this Shared Service. Priorities from APAS in the coming year include maintaining provision of core services whilst continuing to review the potential for a more resilient delivery model going forward.

Shared Services 2015-16

Appendix 2

		Outturn position 2015-16			Total Budget			EAST COST SHARE + VARIANCE						WEST COST SHARE + VARIANCE					
Shared Service	Host	EAST Outturn £	WEST Outturn £	Total net cost £	2015-16 £	Total Variance £	U / O	East Share of net cost £	Net Cost %	Budget £	Variance £	U / O	East Outturn explantion	West Share of net cost £	Net Cost %	Budget £	Variance £	U / O	West Outturn Explanatioin
Shared Services - April to March																			
Farms Estate - management costs only	CE	95,267	65,408	160,675	189,627	-28,952	U	95,267	59%	111,880	-16,613	U	The underspend is due to a vacancy within the service	65,408	41%	77,747	-12,339	U	The underspend is due to a vacancy within the service
Civil Protection (Emergency Planning)	CWAC	165,104	152,611	317,715	313,764	3,951	O	165,104	50%	155,598	9,506	O	The overspend is due to costs of accommodation of £12k being charged directly to the service.	152,611	50%	158,166	-5,555	U	The overall position on the 50:50 split of costs with CWaC resulted in a underspend of £5k.
Occupational Health	CWAC	64,760	64,760	129,520	111,393	18,127	O	64,760	50%	58,786	5,974	O	Overspend due to reduced income from Schools and external companies. The position has improved since mid year due to a vacancy in the team in the last quarter of the year.	64,760	50%	52,607	12,153	O	Overspend due to reduced income from Schools and external companies. The position has improved since mid year due to a vacancy in the team in the last quarter of the year.
Archives	CWAC	204,915	204,916	409,831	407,651	2,180	O	204,915	50%	221,889	-16,974	U	East Underspend variance due to imbalance of budgets between CE &CWAC	204,916	50%	185,762	19,154	O	West Underspend variance due to imbalance of budgets between CE &CWAC
Joint arrangement services																			
Libraries	CWAC	339,996	273,876	613,872	694,413	-80,541	U	339,997	-	339,997	0	-	East pay a fixed contribution to West and do not incur any additional costs	273,876	-	354,416	-80,540	U	West underspend position due to increased buyback from schools for Education Library Service plus in year vacancy savings due to delays in filling posts
Rural Touring Network	CWAC	12,460	12,460	24,920	24,920	0		12,460	-	12,460	0	-	East pay a fixed contribution to West and do not incur any additional costs	12,460	-	12,460	0	-	A balanced budget is achieved
Archaeology Planning and Advisory	CWAC	87,263	61,219	148,482	154,140	-5,658	U	87,263	-	87,263	0	-	East pay a fixed contribution to West and do not incur any additional costs	61,219	-	66,877	-5,658	U	West underspend is mainly due to vacancy management and delays in filling posts
TOTAL		**969,765**	**835,250**	**1,805,015**	**1,895,908**	**-90,893**	U	**969,766**		**987,873**	**-18,107**	**U**		**835,250**		**908,035**	**-72,785**		

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SCHEDULE 3

INITIAL PERIOD BUSINESS PLAN

ICT Shared Service

BUSINESS PLAN

1 April – 30 September 2016

Version 0.7- 17 March 2016

Introduction

This Business Plan outlines the key short term objectives for the ICT function operating under a shared service agreement between Cheshire East and Cheshire West and Chester Council (CWAC) from 1 April 2016.

Under the terms of the agreement this service will be hosted by CEC. The basis of 'on-boarding' former CoSocius service from the 1 April is 'lift and shift' and the day 1 structure chart is shown at Appendix 1. On that basis one of the key objectives within this Plan will be to determine a future operating model that brings together all of the ICT services, exploiting opportunities for alignment of services, standardisation of processes and reducing the overall cost base – the period covered by this Plan will, therefore, be 1 April to 30 September 2016. A more detailed Plan will be delivered to support a new target operating model (TOM) from 1 October 2016.

Scope of Services

This Plan covers only the ICT services provided to 31 March by CoSocius and detailed as part of the shared service arrangement between Cheshire East and Cheshire West and Chester Council.

ICT
1. Service Management
   1.1 Customer Management, service level management and service reporting
   1.2 Asset and Supplier Management
   1.3 Service Desk
   1.4 Service Level Management
   1.5 Change Management
   1.6 Problem Management
   1.7 Capacity Planning

2. Infrastructure Service
   2.1 Server management and support
   2.2 Storage management and support
   2.3 Backup management and support

3. Network and telephony platforms
   3.1 Government Connect
   3.2 WAN, LAN & Wi-Fi
   3.3 Telephony

4. End-user Services
   4.1 End User
   4.2 Email Security
   4.3 Remote Access Services (RAS)

5. Application Services
   5.1 Application management and support
   - Strategic/Supported Applications – Support and management for installed software, both bespoke and packaged.
   - Oracle – Support and management for installed software, both bespoke and packaged.
   - Other Applications – Support and management for installed software, both bespoke and packaged.

6. Professional Services
      6.1 Project Management Office (PMO)
      6.2 Project and Programme Management
      6.3 Bid and Proposal Management
      6.4 Testing Assurance
      6.5 Architecture Services
      6.6 Security Risk Assessment

Total ICT Service Cost Base

	Cost Base £m
Direct Staffing	6.916
Contractors	4.406
Non staffing costs	4.858
Overheads	0.909
Gross Costs	**17.089**
Schools Income	(3.073)
Projects Income	(5.679)
Net cost to be met by Councils	**8.337**

The business plan and its underpinning financial model assumes that all costs incurred on one off projects on behalf of the two Councils will be fully recovered through recharges. The residual cost of £8.337m covers the Business as Usual support services provided to the two Councils and is analysed as follows:

Summary ICT BAU Support Service Cost Base

Service Segment	Cost Base
Service Management	£1,286,268
Infrastructure Service	£951,726
Network and telephony platforms	£1,722,080
End-user Services	£1,014,048
Application Services	£3,039,678
Professional Services	£322,838
Overall	**£ 8,336,638**

The above cost base reflects the services provided to both Councils and aligns with the available budget. For the initial 6 month period the majority of the BAU costs will be recharged on a 50:50 basis between the two Councils and associated ASDVs, to ensure that costs are not significantly different to available budgets in either Council.

Share of Costs for Initial Business Plan Period
One twelfth of the sums below to be paid by each Council for each calendar month of the initial period

Cheshire East Council *	£4,243,163	Monthly Sum	£353,597
Cheshire West and Chester Council	£4,093,475	Monthly Sum	£341,123

* In addition to the its own costs the Cheshire East allocation includes the cost of activities undertaken on behalf of its arms-length delivery vehicles which are subsequently recharged

Key Objectives & Milestones

1. Business Continuity

Since the decision to revert to a shared service arrangement was taken in October 2015, of paramount importance has been the need to maintain business continuity with minimum impact of service change on the customer. This Plan covers a six month period of operational stability and transformation that will lay the foundations, financially and technically, for significant change. It will provide the platform for future collaboration and product development.

2. Closure of 2016/17 Budget Gap

The new Management Team will establish strong leadership, strategic vision, clear roles and responsibilities, collaborative working practices; adopt CEC policies and procedures including performance management, staff development and a culture of openness.

There is an absolute commitment from the new management team to avoid a further overspend in 16-17. The key to delivering this is the implementation of a rigorous financial control and management framework which establishes and reinforces financial accountability within the service. An examination of existing time recording data within CoSocius has shown that a large proportion of staff time (contractors and permanent staff) has been booked to unproductive/non chargeable tasks. Effective control and monitoring of time recording will ensure that staff resources are focused on activity that is fully funded, whether within budgeted BAU activity or on rechargeable project activity. This, together with streamlined processes for commissioning and monitoring capital projects will massively reduce the inefficient and ineffective use of staff time and will transform the financial position of the shared ICT service.

More detailed proposals which will build on this fundamental cultural change are shown in Appendix 2 and can be summarised across the four headings of:

- **Proposals that are not dependent on investment or service changes**   **£3.485m**
- **Proposals with minor service impacts (require final sign off)**   **£0.215m**
- **Proposals that require some investment prioritisation**   **£0.275m**
- **Outline Proposals that need more development**   **minimum of:**   **£0.300m**

The monitoring of accurate baselining data will ensure the production of a fully costed Service Catalogue for consultation (Oct 2016) and inclusion within the 2016-17 business planning process. Product based costing will also be calculated based on specific to usage. Variable charging and levels of service/availability will also be proposed.

The new Management Team will come to an understanding on previous resource pressures and client priorities, review these alongside proposed new ways of working including delivery models, to produce a more responsive TOM for consultation in April.

NOTE: there is a risk of a minor downward trend in KPIs (service requests and incidents) in the short term before medium term (< 18 months) stability and improvement (due to staff maturity, training and stabilisation of the new TOM). We are not predicting any causal impact on major outages. Moving maintenance slots to during core hours will likely have an impact on system availability in the short-term. Service reduced for Members and Senior Managers as no out of hour's service available.

3. Development and Implementation of a new Target Operating Model (TOM)

The development of a new TOM will be critical the success of the new service moving forward. The integration of both existing and on-boarded (CoSocius) services provides a significant opportunity to standardise, automate and align processes and procedures, delivering greater efficiency and much more robust offering to both Councils, schools, academies and companies.

The scale and coverage of this change activity will deliver significant savings over and above those identified in '1' above. It is anticipated that a 30/45 day consultation with affected staff and unions will be required and it is likely that this will take place between May and July. Implementation of the new TOM is expected to be 1 October 2016.

4. Development and Implementation of a new Commissioning Model

Work is well underway in redesigning the current end to end commissioning model across the councils and ICT Shared Service. The end-to-end model encompasses all key areas of process from an initial idea through to business enquiry, proposal, project initiation, project delivery, closure and review. The current commissioning model has long since been an area of dissatisfaction both in the councils and within ICT delivery teams. The workshops have been customer driven and fully supported by lead ICT commissioners together with engagement from all areas of service delivery. The redesigned model will ensure that the overall process is more customer focussed, agile, less bureaucratic, transparent and cost efficient. It is anticipated that the new model will be launched in April and will be continuously evaluated and refined to ensure successful embedding of new ways of working and to ensure that benefits are delivered.

5. Development and Implementation of a new Service Catalogue, agreed Specification for Services, Performance Management Framework (PMF) and Payment Mechanism (Paymech)

There is an absolute commitment to continue to develop the Service Catalogue & costing structure to reach agreement on a Service Specification to include in a variation to the Service Agreement from October. This will be accompanied with a revised PMF & Paymech which supports the essence of a shared services arrangement but with increased commercial terms in line with the principles agreed by the Programme Board in February.

An essential pre-requisite to the Service Specification are clear customer requirements. To ensure the desired outcomes are delivered, the ICT Shared Services Transition Project Board will drive the necessary activity in collaboration with Council Commissioners, engage the right subject matter experts and report progress regularly to the Joint Officer Board and Shared Services Joint Committee.

6. Development of a detailed, strategic Business Plan

In parallel to the development of the new TOM, a more formal and strategic Business Plan will need to be developed. The Plan will need to set out:

- The scope of activity for the remainder (and beyond) of the shared arrangement
- Activity and related savings/efficiencies linked to the Service Reviews, such as ERP
- The financial envelope, including savings/income targets in which the service will operate
- The further development/baselining of measures (the PMF) by which each council client will determine the successful delivery of services
- A strategy for marketing and growth

High Level Milestones

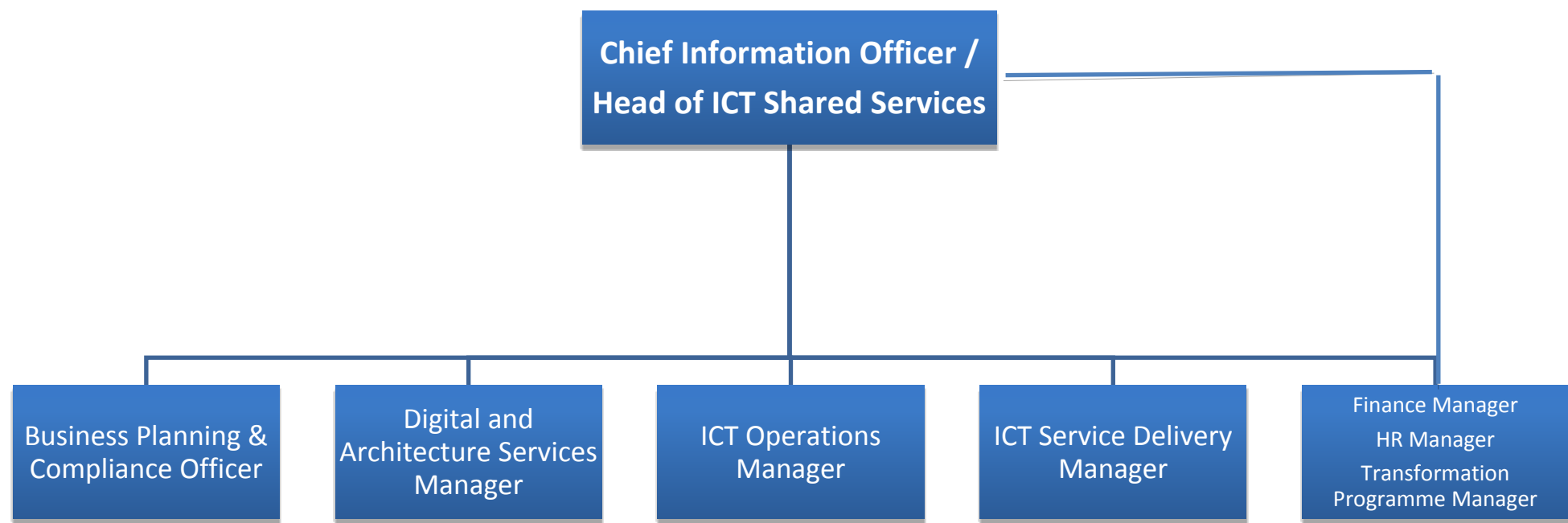| Activity	Timeframe
Joint Service Committee	18 March 2016
Day 1/TUPE Transfer date	1 April 2016
Development of TOM	1 – 30 April 2016
Consultation Period	May-July 2016
Development of Strategic Business Plan	July – September 2016
TOM Live	1 October 2016

Risks & Issues

Risks
- Resource requirement to develop a new TOM for 1 October 2016
- Impact of Service Reviews, apparent lack of appetite for collaboration (Digital, Social Care, Planning and Transport)

Issues
- Culture
- Loss of key resource/knowledge pre-1 April
- Very low confidence in management information, transition period key to base lining
- Further work to be done to confirm additional investment requirements for each authority
- Consultation on new TOMs likely to be 30/45 days meaning a concentration of effort/resource in April to enable a May-July consultation

APPENDIX 1 – ICT SENIOR MANAGEMENT TEAM STRUCTURE

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                          ┌────────────────────────────┐
                          │  Chief Information Officer /│
                          │  Head of ICT Shared Services│
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Business Planning & Compliance Officer	Digital and Architecture Services Manager	ICT Operations Manager	ICT Service Delivery Manager	Finance Manager HR Manager Transformation Programme Manager

INITIAL PERIOD BUSINESS PLAN

TRANSACTIONAL SERVICE CENTRE
(HR and Finance)

BUSINESS PLAN

1 April – 30 September 2016

Version 0.5.1 - 17 March 2016

Introduction

This Business Plan outlines the key short term objectives for the HR and Finance functions operating under a shared service agreement between Cheshire East and Cheshire West and Chester Council (CWAC) from 1 April 2016.

Under the terms of the agreement these services will be hosted by CWAC as part of its wider Transactional Service Centre (TSC). The TSC, established 1 July 2015, is delivering Revenues and Benefits, Client Finance and Corporate Debt services and has been established to operate as a central hub for Council-wide transactional finance activity.

The basis of 'on-boarding' former CoSocius service from the 1 April is 'lift and shift' and the day 1 structure chart is shown at Appendix 1. On that basis one of the key objectives within this Plan will be to determine a future operating model that brings together all of the TSC services, exploiting opportunities for alignment of services, standardisation of processes and reducing the overall cost base – the period covered by this Plan will, therefore, be 1 April to 30 September 2016. A more detailed Plan will be delivered to support a new target operating model (TOM) from 1 October 2016.

Scope of Services

This Plan, although dependent on existing CWAC TSC services, covers only those HR and Finance services provided to 31 March by CoSocius and detailed as part of the shared service arrangement with Cheshire East Council.

HR & Payroll

1. Managed Payroll Service

   A BACS accredited end to end payroll service delivering 74 payrolls, on a variety of paydays, to over 60,000 employees and pensioners.

2. Recruitment Services

   A managed recruitment service commencing with the advertisement of a vacant position to the offer of a specific role.

3. Managed DBS Service

   The provision of a Disclosure and Barring Service (DBS) as part of the critical safeguarding of process for employees with access to vulnerable adults and children or for those in certain prescribed roles.

4. Contractual Administration

   The provision of employment contract services covering starters, leavers and changes that are specific to the individual employee.

Finance

5. Accounts Receivable & Cash Management

   The provision of a complete accounts receivable lifecycle that includes all transactional activity to support invoicing, accounting, receipting and reconciliation, including that generated from interfaces with front line systems.

6. Accounts Payable

    A fully compliant, BACS accredited service providing an end to end purchase to payment facility for the full payment lifecycle and supporting interface management to generate payments from front line systems.

Business Relationship Management (BRM)

7. BRM

    The element of the service seeks to foster and maintain positive and trusted relationships between customers, council services and partner organisations by working in a key advocacy role with stakeholders to create and maintain a robust communication framework to optimise service delivery and customer satisfaction.

Summary Cost Base

	Managed Payroll	Recruitment	DBS	Contracts	Income/ Cash	Payments	Total HR&F
Staffing	1,328,816	95,086	73,389	760,911	536,993	1,088,176	3,883,371
Non-Staffing	524,744	29,031	22,407	232,316	163,951	332,234	1,304,683
Gross Costs	1,853,560	124,117	95,796	993,227	700,944	1,420,410	5,188,054
Income	-876,334	-35,099	0	-741,115	-213,424	-46,643	-1,912,615
Savings	-174,514	-12,520	-7,212	-120,965	-65,677	-111,732	-492,620
Net Cost	802,712	76,498	88,584	131,147	421,843	1,262,035	2,782,819

For the first six months, the cost of these services will be apportioned based upon the level of demand for services delivered to both Councils in the twelve months to Nov-15, with the main cost drivers being:

P&I:
- Number of payables invoices processed
- Number of receivables invoices/standing charges processed

ESC:
- Number of contracts managed
- Number of pay events

Share of Costs for Initial Business Plan Period

One twelfth of the sums below to be paid by each Council for each calendar month of the initial period

Cheshire East Council	£1,407,775	Monthly Sum	£117,315
Cheshire West and Chester Council	£1,375,043	Monthly Sum	£114,587

Key Objectives & Milestones

1. Business Continuity

Since the decision to revert to a shared service arrangement was taken in October 2015, of paramount importance has been the need to maintain business continuity with minimum impact of service change on the customer. This Plan covers a six month period of what will be significant change, the need to continue to maintain continuity of service during this period will remain.

2. Closure of 2015/16 Budget Gap

On 28 January 2016 the CoSocius Project Board agreed a range of measures designed to contribute to the overall closure of the gap between budgeted and actual 2015/16 spend by the services provided by CoSocius. For TSC services a number of measures have been agreed that include:

- Management Restructure
- Deletion of vacant posts
- Increased spans of control
- Grading review and alignment with CWAC Finance
- Increasing the cost of services to schools by 10% to reduce the 'subsidy' gap

For the TSC these measures will realise in the region of £0.5m and will be delivered on or before 30 September 2016.

3. Development and Implementation of a new Target Operating Model (TOM)

The development of a new TOM will be critical to the success of the new service moving forward. The integration of both existing and on-boarded (CoSocius) services provides a significant opportunity to standardise, automate and align processes and procedures, delivering greater efficiency and much more robust offering to both Councils, schools, academies and companies. The scale and coverage of this change activity will deliver significant savings over and above those identified in '2' above. It is anticipated that a 30-45 day consultation with affected staff and unions will be required and it is likely that this will take place between May and July. Implementation of the new TOM is expected to be 1 October 2016.

4. Development and Implementation of a new Service Catalogue, agreed Specification for Services, Performance Management Framework (PMF) and Payment Mechanism (Paymech)

There is an absolute commitment to continue to develop the Service Catalogue and costing structure to reach agreement on a Service Specification to include in a variation to the Service Agreement from October. This will be accompanied with a revised PMF and Paymech which supports the essence of a shared services arrangement but with increased commercial terms in line with the principles agreed by the Programme Board in February.

An essential pre-requisite to the Service Specification are clear customer requirements. To ensure the desired outcomes are delivered, the Transactional Shared Services Transition Project Board will drive the necessary activity in collaboration with Council Commissioners, engage the right subject matter experts and report progress regularly to the Joint Officer Board and Shared Services Joint Committee.

5. Development of a detailed, strategic Business Plan

In parallel to the development of the new TOM, a more formal and strategic Business Plan will need to be developed. The Plan will need to set out:

- The scope of activity for the remainder (and beyond) of the shared arrangement
- Activity and related savings/efficiencies linked to the Service Reviews, such as ERP

- The financial envelope, including savings/income targets in which the service will operate
- The further development/baselining of measures (the PMF) by which each council client will determine the successful delivery of services
- A strategy for marketing and growth

High Level Milestones

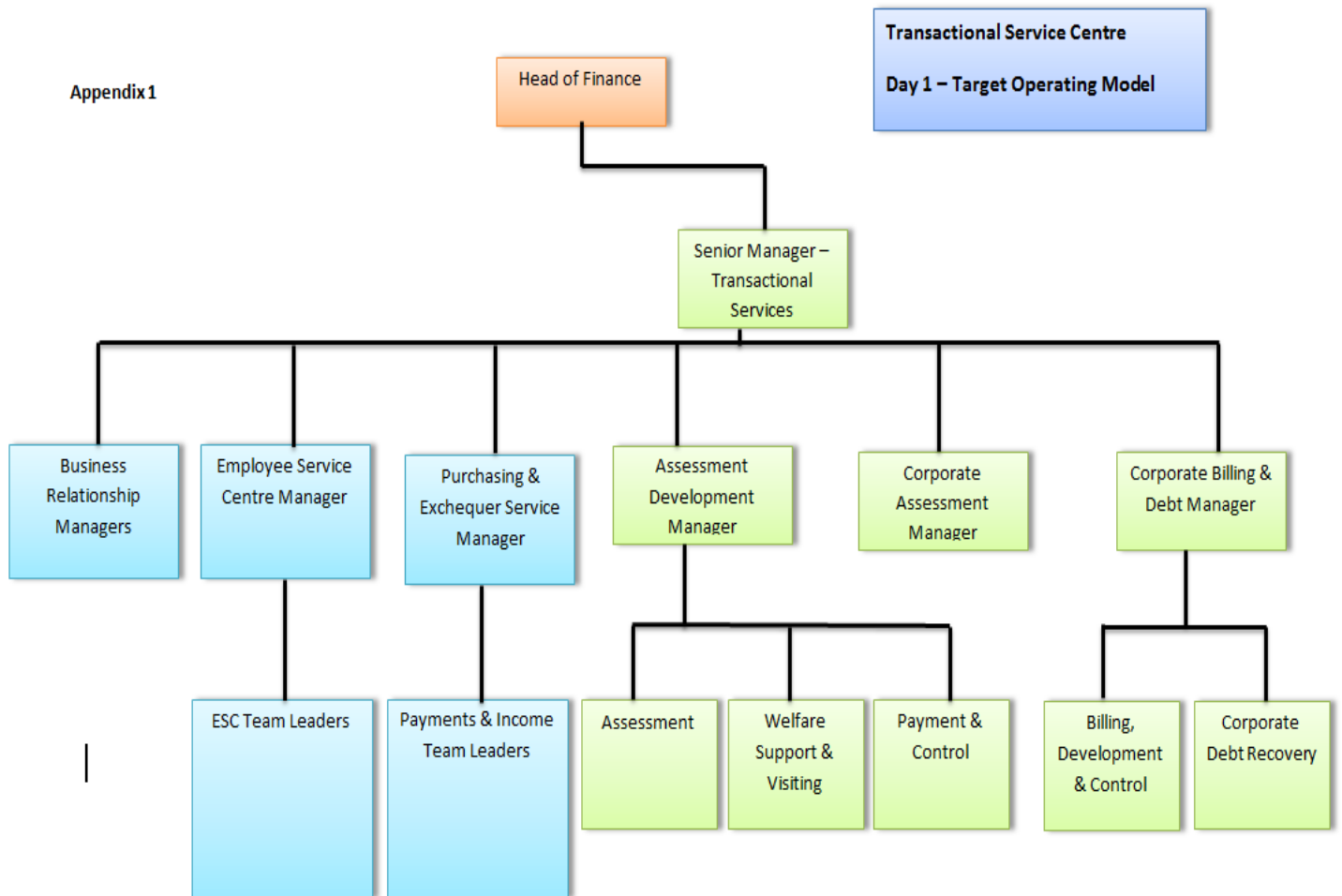| Activity	Timeframe
Joint Service Committee	18 March 2016
Day 1/TUPE Transfer date	1 April 2016
Development of TOM	1 – 30 April 2016
Consultation Period	Early Summer 2016
Development of Strategic Business Plan	July – September 2016
TOM Live	1 October 2016

Risks & Issues

Risks
- Resource requirement to develop a new TOM for 1 October 2016
- Impact of Service Reviews, particularly ERP, on the future TOM
- The ability to retain external customers such as schools and academies as a result of change

Issues
- Loss of key resource/expertise in the run up to Day 1
- Consultation on future TOM likely to be between 30 and 45 days, realistically early Summer to complete for 1 October
- Volumetric data not tested and in some areas unavailable

See Appendix 1 - Structure Chart

Appendix 1

Head of Finance

Transactional Service Centre

Day 1 – Target Operating Model

Senior Manager – Transactional Services

Business Relationship Managers

Employee Service Centre Manager

Purchasing & Exchequer Service Manager

Assessment Development Manager

Corporate Assessment Manager

Corporate Billing & Debt Manager

ESC Team Leaders

Payments & Income Team Leaders

Assessment

Welfare Support & Visiting

Payment & Control

Billing, Development & Control

Corporate Debt Recovery

CHESHIRE EAST COUNCIL
CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	20 May 2016
Report of:	Cheshire West & Chester – Director of Finance
	Cheshire East – Chief Operating Officer
Subject/Title:	New Arrangements for ICT Shared Services and Transactional Shared Services

Report Summary

1.1   In October 2015 the Shared Services Joint Committee took the decision to bring back in and disaggregate the arms length ICT and Transactional services trading company – CoSocius Limited. Consequently work was undertaken to put new shared service arrangements in place by April 2016 which would see ICT being hosted by Cheshire East Council and Transactional Services being hosted by Cheshire West and Chester Council.

1.2   At the meeting on 18 March 2016 the Joint Committee authorised the Directors of Legal Services for each authority in consultation with the Section 151 Officers to finalise the detailed terms and conditions for, and enter into, all the necessary legal documentation and processes required to effect the new arrangements.

1.3   This report provides a summary on the final stages of the transfer project and requests formal closure of this initial phase whilst setting out the next steps for the six month transition period from 1 April 2016 to 30 September 2016 during which time the business plans of the two services will be implemented including delivery of planned savings.

2.0   Recommendations

2.1   The report recommends that the Shared Services Joint Committee:

    I.   Endorse the formal close down of Phase 1: Transfer of Services provided by CoSocius Limited to New Shared Arrangements;

    II.   Note the revised governance arrangements for Shared services as provided in Appendix;

    III.   Note the summary of lessons learned from the CoSocius project as outlined in Section 6, and

    IV.   Note the plans for Phase 2 of the implementation programme as outlined in Section 7

3.0   Reasons for Recommendations

3.1   Phase 1 of the activity to transfer ICT and Transactional Services from CoSocius Limited has been completed as planned and the focus now shifts to Phase 2 of the programme which will take forward transitional activity to stabilise new working arrangements to enable broader service transformation going forward.

4.0   Background

4.1   Approval was granted in 2013 to establish Cheshire Shared Services as a single Council owned company. The company began operating in shadow mode in October 2013 from when it continued to develop as a commercial entity under various joint Operating Agreements with both Councils.

4.2   In October 2015, the Shared Services Joint Committee reviewed the current operating position of the company and identified a number of areas of concern and consequently agreed that the additional costs of operating CoSocius as a standalone company were no longer justifiable and approved a number of actions to cease its operation and trading as a standalone company following which a programme of activity was initiated to revert service delivery to in-house Shared Services hosted by each council across three phases:

Phase 1 - Transfer	October 2015 to 31 March 2016
Phase 2 - Transition	April to September 2016
Phase 3 - Transform	September 2016 to March 2018

4.3   A Joint Programme Board chaired by the respective S151 Officers was established in November 2015 to ensure a safe disaggregation of the company and to establish new hosting arrangements as outlined below:

ICT SHARED SERVICE hosted by CEC	TRANSACTIONAL SHARED SERVICE hosted by CWaC
• Service Management • Infrastructure Services • Network and telephony platforms • End-User Services • Application Management and Support • Professional Services	• Managed Payroll Service • Recruitment Services • Managed DBS Services • Contractual Administration • Accounts receivable and cash management • Accounts payable

4.4   A full programme of activity to deliver the desired outcomes was reported to this Committee in March 2016 but the key objectives and high level deliverables are summarised below:

4.5 Objectives
- Cease trading and operations as CoSocius Ltd
- Transfer ICT delivery to Cheshire East hosting (Shared Service)
- Transfer Transactional Services delivery to Cheshire West hosting (Shared Service)
- Maintain service delivery throughout transition
- New Shared Service arrangements in place with a 6 month period of transition from April 2016, followed by a further 18 months of transformation

4.6 The required deliverables for Phase 1 of the programme were:
- Successful disaggregation and TUPE transfer of CoSocius employees
- Maintaining "business as usual" - no disruption to service delivery
- Underpinning legal agreements for new shared arrangements in place by 31 March 2016

4.7 Consequently hosting arrangements for ICT and Transactional Shared Services have been established supported by transitional structures, performance management frameworks, service definitions and business plans. Progress in each area is summarised below.

5 Progress Update – ICT and Transactional Shared Services

5.1 Progress on the implementation of ICT Shared Services:

- The on-boarding of ICT services into CEC was successfully transitioned on 1st April in consultation with Staff and Unions. A number of staff engagement events have been held with further formal CEC staff induction events planned for 17th & 18th May. On the whole staff are responding very positively to the change.

- In line with the interim business plan a Management restructure has been underway to reduce 8 senior posts to 5. Following informal consultation a new management structure is now in place with effect from 1st April. Further activity is now underway to review existing structures, roles and accountabilities ahead of any further consultation on a revised Operating Model scheduled implementation by October.

- A significant focus for the team has been on Cost Management activity to robustly address and close the 16/17 budget gap. A number of initiatives have been introduced, including; the release of 26 contractors to realise £2.2m of savings; vacancy management; a revised staff allocation costing model ensuring focus placed on further reducing the need for contractors, particularly those who are delivering core (BAU) services. To support this, a new time recording regime has been introduced to enable the management team to have a baseline on allocation of resources and to better understand and target further remediation plans.

- Throughout the change leading up to and beyond 1st April, Service continuity has been maintained with no major service outages attributable to the change.

- The team have redesigned and developed a new Commissioning Model which was implemented on 1st April. Although still very much in its early infancy, the aim is to work towards continual improvements from day one to complete the transformation of the process by October. This process has been designed with the client at the centre with the core outcome being to focus on improving outcomes for clients and stakeholders in CEC, CWaC and other clients by cultivating a culture of collaboration across the different functions, adopting greater transparency and defining new ways of working that will result in the delivery of ICT services that are fundamentally better in terms of results, speed of response, value for money and efficiency.

- An ICT Transition Programme Board has been convened to ensure that all the 180 day interim business plan objectives will be met. A further update on programme plan, outcomes and benefits will be provided at the next Joint Committee.

- Cultural change represents a significant challenge for the newly formed service. This will be addressed by a Programme workstream dedicated to Culture and Organisational Development. The new Management Team, supported by the programme will ensure that a culture of customer focus, collaboration, accountability and empowerment will be adopted. The Management team are currently evaluating the roles & responsibilities of individuals, teams and functions together with the priorities for the whole service to ensure that the right Operating Model is in place for October. All ICT staff will attend a formal induction into CEC to understand expectations on values and behaviours and each will have objectives set through the CEC Performance Management framework. Leadership skills development, financial control and accountability will remain a top priority for the management team.

5.2   ICT Shared Services - Progress against closing the 16/17 Budget Gap.

Below is a summary of progress to date (from 1st April to 10th May 2016) on the savings proposals that are underway to meet the key business plan objective of closing the 16/17 budget gap. Overall confidence that the savings are achievable is high and the RAG status is a realistic & prudent view of deliverability in these early few weeks of transition.

ICT Shared Services - Status of Savings against budget

Proposal	Target	Gap	Delivered	WIP	At Risk	Variance	RAG	Note
	£m	%	£m	£m	£m	£m		
Proposals not dependent on investment or service Charges	3.485	81.5%	2.470	1.027		(.012)	🟩	1
Proposals with Minor Service Impacts	0.215	5.0%			0.215	0.215	🟥	2
Proposals requiring Investment prioritisation	0.275	6.4%		0.275		0.000	🟧	3
Outline proposals under development	0.300	7.0%		0.300	0.000	0.000	🟧	4
	4.275	**100.0%**	**2.470**	**1.602**	**0.215**	**0.203**		

Notes			£m
1	Management Restructure		0.165
	Releasing Contractors		2.200
	Increased Third Party Income		0.105
	Realised Savings		**2.470**
	WIP Target Operating Model		0.603
	Further reduction in Contracted Staff Costs		0.200
	Third Party Contract Rationalisation		0.224
	Reduction in subsidies		0.000
	Current WIP		**1.027**
2	Out of Hours Maintenance / Service		0.085
	Academy Oracle Build		0.130
	Total at Risk		**0.215**
3	Legacy System Decommissioning		0.050
	Data Centre review		0.075
	End User Computing simplification		0.100
	User Self Service Strategy		0.050
	Total WIP		**0.275**
4	Oracle Delivery Model Rationalisation		0.200
	Rationalisation of Professional roles away from contracting model		0.100
	Total WIP		**0.300**

5.3   Progress on the implementation of Transactional Shared Services:

- Day 1 for the on-boarding of HR and Finance services into CWaC's Transactional Service Centre went smoothly, with staff largely engaged and welcoming of the new arrangements. A staff focus group was established as part of the on-boarding phase; this has been retained and continues to operate effectively as a representative group of all staff. Operational activity continued unaffected and the on-boarding process overall has had no negative impact service delivery.

- The process of management review and restructure has commenced, with the senior post of Corporate Manager (Transactional Finance) advertised with a closing date of 22 April with the recruitment process expected to conclude by the end of May.

- A small number of vacancies have arisen in the run up to 1 April and in the short time since. In advance of any wider consideration of staffing these roles are not being filled and savings used to offset the 2016/17 funding gap, a key deliverable in the six-month business plan

- Cultural change also represents a significant challenge for Transactional Services and this is being addressed through a structured induction programme that will begin to embed the Council's core values of THRIVE: teamwork, honesty, respect, innovation and empowerment.

5.4   Overall the first phase of the programme was delivered to plan and to time and consequently the Programme Board has been formally disbanded with transitional governance being transferred to the respective Transition Boards (as described in Paragraph 10).   Going forward these Boards will be responsible for overseeing the next phase of transitional activity.

6   Lessons Learned

6.1   In taking the decision to terminate CoSocius Members were keen to ensure that lessons from its creation, existence and demise were captured to enable both Councils to learn from this experience. Consequently research was undertaken with key stakeholders involved with predecessor ICT and Transactional shared services, CoSocius Limited and / or the new sharing arrangements to ascertain: what had worked well, what could have been improved and the skills and training needed to support any alternative service delivery models going forward.

6.2   The findings are summarised below but it should be recognised that these relate to CoSocius alone and must not be considered in any way as a reflection of any other companies operated by either Council.

6.3   Key Learning Points from CoSocius were:

- The business case for change to a commercial entity needs to be robust and demonstrate a fundamental understanding of the market place.   It

needs to be based on credible data and take full account of investment requirements to make the operation truly commercial

- People developing and delivering a separate legal entity need to fully understand the workings of a commercial operation and design-in specific requirements tailored to the market (e.g. suitably qualified staff, resources training plan etc.)

- The company needs to have the right people in the right roles to take it forward and make it a success – they need to balance core business with developing new business

- Expectations need to be realistic – developing and embedding an appropriate culture is paramount to a successful commercial operation. This can take time to achieve (months not days) depending on the type of service.

- Company governance needs to be robust with clear lines on roles, responsibilities and independence

- Client / Supplier relationships need to be truly commercial but not adversarial and not unduly influenced by previous working relationships - the focus should be on managing / meeting business needs and securing workable solutions

- Contract performance issues need to be addressed but at an appropriate level to avoid undue negative impact on company employees

- The company needs to ensure that it employees are adequately trained in the skills needed to operate in a commercial environment and should not be reliant on public sector experience alone. Training should focus on commercial awareness and skills development including customer care, business relationship and contract management, governance and influencing skills.

7   Phase 2: Transition

7.1   The delivery of the Day One key milestones sees the project move into its second phase – Transition. This will see both services focus on a 6 month period of operational stability and transition that will lay the foundations, financially and technically, for significant change moving forward. This period will provide the platform for more resilient services delivered in a sustainable model which will form the basis for potential wider future collaboration and ongoing product development.

7.2   In order to support and develop the ICT and HR & Finance 'on-boarded' services through the initial six-month 'transition' phase from the enactment of the new sharing arrangements to the implementation of a new target operating model by 1st October 2016 interim Business Plans have been developed. These are contained in a report elsewhere on this agenda but in summary they set out the scope of the services to be delivered; financial and

staffing resources; the key objectives and deliverables of the six-month transition; and the performance framework to monitor and manage delivery.

7.3 The key objectives for the both services will be:

- Business Continuity - ensuring continuity and reliability of service for customers/users throughout the transitional phase

- Closure of the 2016-17 Budget Gap - implementing measures to close the gap between budgeted and actual spend inherited from 2015-16 (see section 9)

- Develop and implement a new target operating model - agreeing the new service catalogue for each service, a refined pricing mechanism and agreeing each Council's specification to ensure processes and procedures are standardised, automated and aligned to deliver greater efficiency. A checkpoint review will be undertaken in June 2016 to measure progress in delivery of the new operating models; and

- Development of Strategic Business Plans – aligned with the development of the new Target Operating Model, to provide a more formal and strategic Business Plan setting out the scope of activity; efficiency measures; income/savings target; key success measures; and commercial direction beyond October 2016.

- *(ICT only)* - Development and Implementation of a new Commissioning Model - The redesigned model will ensure that the overall process is more customer focussed, agile, less bureaucratic, transparent and cost efficient. The new model was launched in April and will be continuously evaluated and refined to ensure successful embedding of new ways of working and to ensure that benefits are delivered.

7.4 Throughout this phase a programme of transformational work will be undertaken within the two Shared Services to ensure service delivery is aligned to the future expectations of the two authorities. This activity will be linked to the ongoing ICT Service Review programme (as reported elsewhere on the agenda) which will also help to identify opportunities for making solutions available to other public sector partners.

8.0 Financial Position

8.1 The focus of financial attention throughout this process will be to ensure that these services are delivered in the environment which is best placed to achieve value for money for the Council and that this structure is supported by a governance framework which ensures that costs are managed effectively and required savings targets are delivered.

8.2 Since the previous report to Joint Committee the process of closing down the activities of CoSocius has been largely completed. While the company will not be fully wound up until later in the year it has ceased to trade from 1st April and the final 2015-16 deficit has been confirmed at £2.6m. This is more than

the previously projected overspend (£2m) because of higher than forecast agency staffing costs and overly optimistic forecasts of project income.

8.3   The scale of the costs incurred by CoSocius in 2015-16 reinforces the need to change how ICT and HR & Finance Transactional Services are delivered going forward, but also increases the scale of the challenge that the new delivery model has to address. The outline business plans focus has been on implementing service redesign in both areas and through this the removal of significant costs from the previous system. In total these plans are seek to remove over £4m from the inherited cost base, as reported to the Joint Committee in March 2016 these are necessary to bring costs in line with existing 2016-17 budgets and shouldn't be considered as new cashable savings.

8.4   Given the scale of savings required it will be critical to ensure the overall financial positions of both shared services are closely monitored throughout the transition period (Phase 2). A lack of certainty over the scale of cost commitments and income expectations was a contributory factor to the overspending within CoSocius. Enhanced arrangements to ensure that costs are closely controlled and linked to available funding have been built into structures which have been implemented for phase 2 and will be a core requirement for any long term solution. These will enable prompt corrective action should expected savings not be achieved. Regular monitoring reports will be submitted to the Joint Officer Board and updates on progress will be reported to the Joint Committee throughout the year.

9.5   Close down of CoSocius and Final Accounts

9.6   As from 1 April 2016 CoSocius has ceased trading and no new financial transactions impacting the company should now occur. The consequences of the company's financial balances at 31st March 2016 are being reflected in the 2015-16 accounts of the two Councils. This includes recognising the impact on each Council of addressing the company's overspends from 2014-15 and 2015-16 and the estimated pension deficit as at 31st March 2016.

9.7   The final set of company accounts for CoSocius will be extended to cover the 15 month period to 30th June 2016 with the three month extension enabling the financial wind down to be completed in a thorough and orderly manner and for the company's residual assets and liabilities to be settled or distributed. This process is already well progressed with the assets linked to delivery of the ongoing shared services transferring to the Councils on 1st April 2016 and the company's pension liabilities transferring back to the Councils at the same point. Once this process is complete the formal process to wind down the company can be completed.

9.7   A further report confirming the final outcomes from the close down of the Company will be brought to the Joint Committee when the process is complete.

10.0   Governance

10.1 On completion of the disaggregation of CoSocius the Programme Board was formally disbanded with transition governance arrangements being transferred to the ICT Transition Board (hosted by Cheshire East Council) and the Transactional Services Transition Board (hosted by Cheshire West & Chester Council). Both boards include representation from the client authority.

10.2 These Transition Boards will oversee progress against Phases 2 and 3 of the ICT and Transactional Shared Service programme which will be subject to regular monitoring through the Joint Officer Board and Shared Services Joint Committee. This will align the new ICT and Transactional Shared Services with other shared arrangements between the two Councils as shown in the Appendix..

11.0 Risk Management

11.1 All risks associated with the transfer of services from CoSocius were managed by the Programme Board. Responsibility for these has now transferred to the appropriate Transition Board and these will continue to be monitored by the host authorities and its management team through the organisation's risk management processes. Progress will also be monitored by JOB and reported to this Committee at regular intervals.

11.2 The key risks and mitigating actions were detailed in the previous report to this Committee but for convenience these are summarised below:

I. Shared Services fail to implement the agreed measures to close the gap between budgeted and actual spend during 2016/17.

II. Potential downward trend in performance in transitional phase e.g. KPIs (service requests and incidents) and improvement due to staff maturity, training and stabilisation of the new Target Operating Model).

III. Significant cultural change will be required within the two shared services and host authorities to achieve objectives of their respective business plans.

IV. Risk that existing knowledge/resource within CoSocius Ltd will be lost post April 1st 2016 as key personnel take the decision to leave.

V. Risk that the new service fails to deliver expectations/requirements of the two councils.

VI. Risk that Shared Services fail to deliver the agreed objectives detailed in their respective business plans including the implementation of the new Target Operating Model by 1st October 2016.

12.0 Wards Affected

12.1 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.

13.0 Local Ward Members

13.1   Not applicable.

14.0   Policy Implications including

14.1   None.

15.0   Other Options

15.1   None.

16.0   Conclusion

16.1   The transfer of ICT and Transactional operations formerly delivered by CoSocius Limited to new sharing arrangements between Cheshire East and Cheshire West and Chester Councils was completed to plan without any major disruption to services. In effect Phase 1 of the overall programme has been completed to plan with minimal issues being carried forward into the second, transitional phase of the programme.

16.2   The new ICT and Transactional Shared Services have picked up ongoing risks and will build these into their respective business planning activity to ensure that these are effectively managed and monitored via revised governance arrangements. Consequently the Joint committee are requested to formally endorse the closure of Phase 1 of this programme.

16.3   The financial close down of CoSocius Limited is now largely complete and year end balances as at 31st March are being consolidated into the 2015-16 accounts of the two Councils. Final accounts for the company itself will be produced in July to cover the 15 month period to 30Th June 2016 and these will be reported to the Joint Committee once complete.

16.4   The Programme now moves into its second phase where the focus will be on transition. This will focus on the objectives and key deliverables as stated in Section 7. These will be closely monitored to ensure that they are achieved prior to moving into the third and final stage of the programme – Transformation, which will commence on 1 October 2016. The Joint Officer Board will maintain an overview of progress with updates being provided to this Committee on a regular basis.

17.0 Access to Information

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

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        Mark Wynn, Director of Finance – Cheshire West & Chester Council
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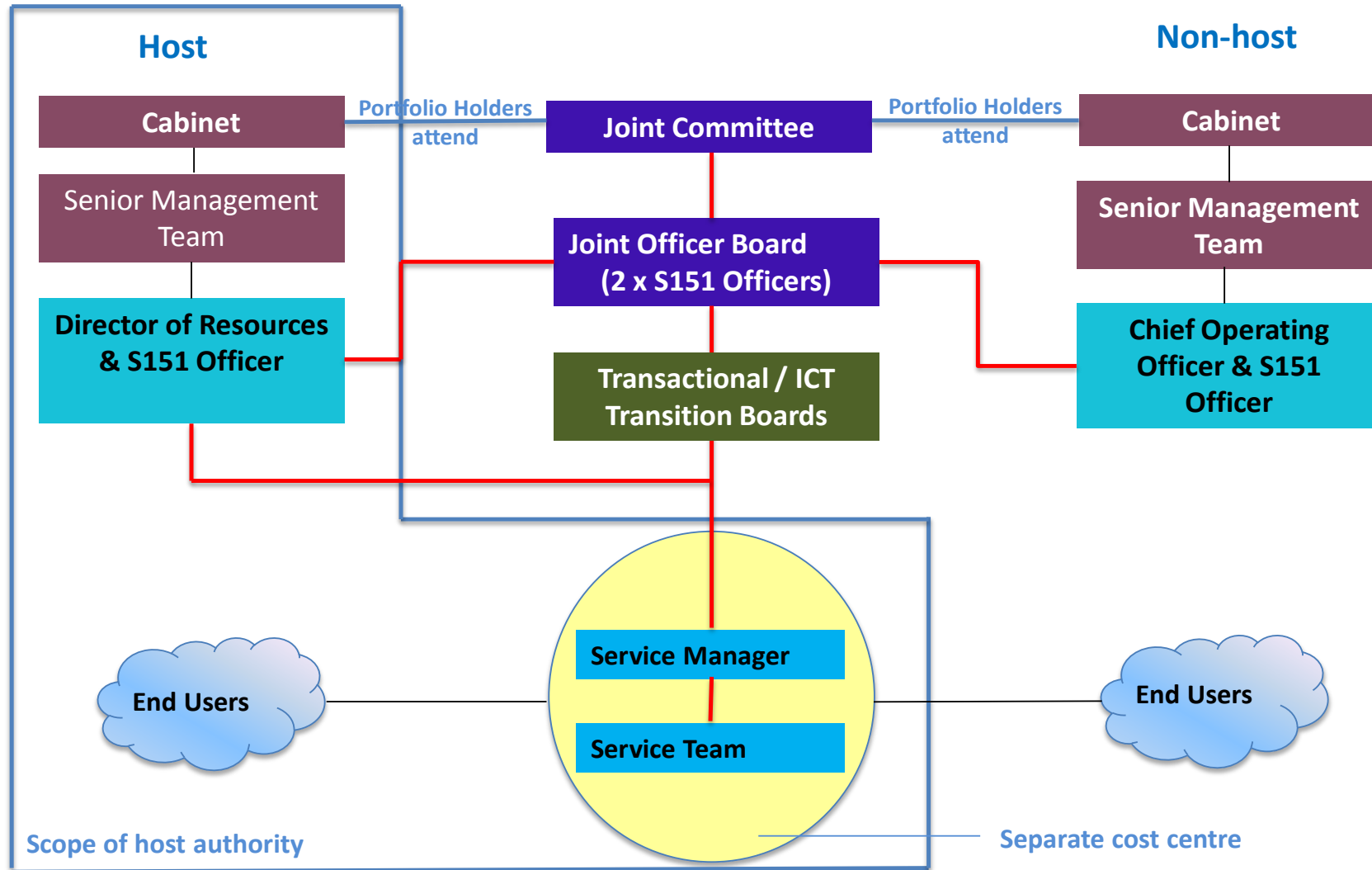   mark.wynn@cheshirewestandchester.gov.uk

Background Documents:

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

1. Shared Services Governance Model – ICT and Transactional Services

Legend

'Service Delivery'

For info

Host

Non-host

| Cabinet | | Joint Committee | | Cabinet |

Portfolio Holders attend

Portfolio Holders attend

Senior Management Team

Joint Officer Board (2 x S151 Officers)

Senior Management Team

Director of Resources & S151 Officer

Transactional / ICT Transition Boards

Chief Operating Officer & S151 Officer

Service Manager

End Users

End Users

Service Team

Scope of host authority

Separate cost centre

CHESHIRE EAST COUNCIL
CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 20th May 2016

Report of: Sam Brousas – Cheshire West and Chester Council and
Peter Bates – Cheshire East Council

Subject/Title: Service Reviews

1.0   Report Summary

1.1   The purpose of this report is to update Members on the progress being made in the delivery of the Service Review programme and to highlight future changes that will be outlined in more detail at the Shared Services Joint Committe in July.

2.0   Decisions Requested

Members are asked to:

2.1   Note the continued progress to date with the series of service reviews underway, and the opportunities for collaboration and sharing across both Councils identified so far.

2.2   Endorse a future change in title from the "Cosocius Service Reviews" to "Business Solutions Programme" to reflect the move of CoSocius to a shared service.

3.0   Reasons for Recommendations

3.1   To update Members on the progress to date in delivery of the Service Review programme and the direction of travel for each review subject at the time of reporting.

4.0   Report Background

4.1   This Committee at its meeting on 27 February 2015 approved a programme of work to review the delivery of applications and services by CoSocius to the two Councils.

4.2   In October 2015 the Shared Services Joint Committee took the decision to disaggregate the arm's length ICT and Transactional Services trading company CoSocius Ltd with effect from 1st April 2016. The services previously provided being delivered in house through two shared service arrangements.

4.3   This report will provide an update to Members on the key themes and issues arising from the Service Reviews work to date, and an indication of the direction of travel for each area of review.

5.0   COSOCIUS TRANSFER PROGRAMME

5.1   The Service Review programme continues to be delivered alongside the wider transformational work being undertaken with in ICT Shared services. Progress with the transformational activities of both Shared Services will be reported to this Committee separately.

5.2   Given the competing demands placed by both Programmes on resources, the Service Review work is being managed carefully so as to minimise the impact on the transfer of functions and early transformational activities.

6.0   SERVICE REVIEWS – PROGRESS UPDATE

6.1   In February 2015 this committee agreed to the approach and creation of a review team to work with both Councils and the Company and to develop a value for money case for change that considers both councils future trajectories and the services provided by Cosocuis and the market.

6.2   The reviews to date have already outlined a number of opportunities for both Councils to share systems, have tested the market and have supported both Councils to align their approaches to procuring new systems in the future.

6.3   The programme of service reviews approved by Members at the previous Committee is summarised below:

Tranche 1	Initial Scope	Update in Brief	Review Status
Enterprise Business Systems	Assessment of the viability of this system to support future business requirements.	Viability Assessed; Proceeding to more detailed business case stage.	Complete
Health & Social Care (Adults & Children) & Children and Young Persons	Assessment of the underlying systems to support adults and children's service across both councils	Steps to align future procurements across both councils are being actively explored.	In Progress
End User Computing (desktop, mobile, etc.)	Identifying opportunities for harmonisation and enabling FMW.	Both Councils are in agreement on key steps to move forward jointly to harmonise systems, complexities regarding decommissioning are currently being worked through.	In Progress
Geographic Information Systems	Replacement for the outdated GIS solution and recognise opportunities for GIS as	Agreement between both Councils to adopt the same Open Source GIS Solution. Development	Complete

	a commercial offering.	and implementation for new solution is in progress.	
Business Intelligence and Reporting (MSBi)	Inform strategic direction and bring BI capabilities together with in Councils.	Both Councils Intelligence approaches and teams are being understood in more detail. Costs & Benefits for legacy reporting migration are being understood.	In Progress
Schools Information System (SIMS)	Cosocius positioned to respond effectively to the change in school's needs.	Links to wider schools strategies are being explored.	In Progress
Resource Planning (Homecare)	Both Councils to assess their needs for and working requirements together	Agreement to procure the same solution had been taken.	Complete
Customer Service	Understand implications and opportunities of contractual arrangements.	Key workshops between councils have taken place to understand both organisations customer service and digital approaches. A Joint Councils Design Authority concept is being defined.	In Progress
Planning and Building Control & Environmental Health	Evaluation of both business strategies and underpinning solutions	CWaC & CE alignment towards a single procurement is now being explored further.	In Progress

Tranche 1	Initial Scope	Update in Brief	Review Status
Revenues and Benefits	Assessment of the extensive systems estate and viability of the systems to support future needs of both Councils.	Both Councils have agreed to explore opportunities to procure ancillary services / systems.	In Progress
Cash Receipting and Income Management	Assessment of bringing both Councils systems and processes together and consideration for both Councils digital agenda.	Due to the considerable overlaps with ERP this review will be considered as part of the full business case.	Complete

Highways	Evaluation of both Councils Highways strategies and options for system collaboration.	Dependent on strategic decisions of each Council's future delivery model.	In Progress
Document Management	Review needs of Councils and CoSocius and recommend a standard document management solution going forward.	CWaC Requirements are being finalised.	In Progress
Elections	Evaluate both Elections team's strategies and adopted systems.	Recommendation to work jointly to procure the same solution at an appropriate time. Formal agreement on hold Paused due to the election and referendum activities.	On Hold
Transport	Evaluation of the Transport system solutions and assess options	CWaC have procured a new transport system and agreed to share key documents, CE are in the process of undertaking a cross-service Total transport review.	Complete

6.4   Progress against each review is outlined in more detail below.

Tranche 1 Reviews

Enterprise Business Systems

Status: Complete

6.5   Approval was given to proceed with the development of a more detailed business case, in support of a formal procurement process to replace both Council's current Oracle solution.

6.6   Due the scale and complexity of the Enterprise Business Systems project this will be reported to the Committee separately.

Health and Social Care / Children and Young Persons

Status – In Progress – Recommendations planned for July

6.7   Work is underway within CWaC to define the risks, costs and benefits of following the same procurement approach as CE of utilising the Crown Commercial Service Framework (RM1059) for Local Authority Software Applications (LASA) to maintain the current social care solution.

6.8   This would give both Councils contract and system stability for the medium term and would generate the opportunity for a joint hosting and support model. The potential for wider benefits such as shared developments and joint approaches to both the technical and process challenges of the Care Act, Complex Dependency and Integration with health.

6.9   Moving both Councils onto the same procurement model will provide the opportunity to review their business processes over the life of the contract and enable them to identify further efficiencies and/or best practice

6.10   CWaC have also extended their Tribal CYPD solution for a further 6 months to August 2016 aligning closer to the CE timescales. CWaC Tender specification has been shared with CE in order to review the feasibility of a joint procurement process.

End User Computing

Status – In Progress – Recommendations planned for July

6.11   Both Councils are in agreement to move forward with a Microsoft Modernisation Programme, maximising the benefit from both Councils having significant licencing arrangements in place with Microsoft.

6.12   Migrating away from the many 3rd party applications that have underpinned both Councils estate for the last few years is complex in nature and fraught with interdependencies between supported systems as such the benefits and decommissioning plan for both councils is being developed carefully.

6.13   Further work has been undertaken to explore opportunities to adopt the same or similar solutions to both Councils Flexible and Mobile Working needs.

6.14   Both councils are also in agreement with the need to reduce the volume of fixed telephony and plans are underway that consider options to jointly move away from the existing telephony solution.

6.15   Consideration to both Councils' Customer Services needs for advanced telephony functionality is being given by both CE and Qwest, who have collaborated on a set of telephony requirements; the impact of change can now be assessed.

Geographic Information Systems (GIS)

Status – Complete

6.16   As reported at the last committee both Councils agreed to adopt an open source GIS Solution

Business Intelligence and Reporting

Status – In Progress

6.17 This Service Review has focussed on the strategic adoption of an incumbent corporate BI tool – Microsoft Business Intelligence (MSBI).

6.18 The costs and benefits of migrating existing 'legacy' reports into MSBI are also being considered; the volume and complexity of both Councils legacy reports has led to difficulties in understanding the total costs and benefits of adopting MSBI as a corporate solution. Further work to progress this is planned.

6.19 Both CE and CWaC are in the process of moving towards a more coordinated intelligence function and as such will be using MSBI as part of a wider set of intelligence tools to address strategic questions that will help deliver better services.

6.20 Both Councils intelligence approaches will be understood in more detail to highlight synergies across organisations and potential opportunities for collaboration using wider supporting intelligence tools, processes and learning.

Schools Information Management System

Status – In Progress – Recommendations planned for July

6.21 This review has to date focussed on the Capita SIMS product, being the widely used system to deliver schools management and reporting capabilities to all types of school across the two Boroughs.

6.22 The solution and review is intrinsically linked to both Councils future strategy for supplying services and working with schools. The continuing trajectory of schools becoming Academies and having more budgetary control and choice in the near future has always been a consideration of this review with an aim of exploring the option of Councils brokering a common solution for academies. A recent Central Government consultation: Schools National Funding Formula has suggested that if local authorities wish to continue to provide services to schools they should do so as a traded service, giving individual schools the choice of buying into the service.

6.23 The findings and implications of the consultation will be considered in line with both Councils strategies.

Resource Planning – Homecare

Status – Complete

6.24 Both Councils took a decision to move forward with the procurement and implementation of the same replacement solution, being the "cloud" hosted version of the current product.

Customer Services and Website

Status – In Progress – Recommendations planned for July

6.25 This review focusses on the systems being used to deliver customer services and underpin both Councils Digital approaches identifying where possible opportunities to collaborate.

6.26 Through a recent workshop the scope of both Councils delivery arrangements entered into with external organisations (PWC & Qwest) are now understood in more detail between both organisations.

6.27 CWaC's Joint Venture Company (Qwest) have recently started a procurement process to replace the current CRM and Web Content Management systems, tender returns and evaluation is expected to take place in early May. The replacement of these key systems underpins the company's contractual obligations and key performance indicators regarding digitisation of services.

6.28 CWaC have been working closely with Qwest to ensure that a strategic and scalable solution is introduced and where possible opportunities to share with CE are explored. The reviews will understand the impacts and benefits of the preferred supplier's solution.

6.29 In relation to contact centre telephony requirements, CE and Qwest have captured requirements together and have agreed to undertake soft market testing at an appropriate time in order to identify the most appropriate solution to meet the needs of both organisations.

Planning and Building Control / Regulatory Services

Status – In Progress – Recommendations planned for July

6.30 Currently both Councils use a completely different set of products to deliver a similar set of service activities, both Councils are required to go to procurement in early 2017 presenting an opportunity to jointly procure.

6.31 CWaC Requirements have been developed and more formal discussions with CE are planned to explore the potential to jointly procure.

Tranche 2 reviews

Revenues and Benefits

Status – In Progress – Recommendations planned for July

6.32 Both Councils have agreed to explore opportunities to procure ancillary services and systems, a joint requirements definition exercise will be undertaken, leading to potential market testing and formal procurement processes in due course

6.33 The business case for a full system replacement for either Council would need to consider the potentially significant costs of change associated with this complex system.

Cash Receipting and Income Management

Status – In Scope of ERP Programme

Document Management

Status – In Progress – Recommendations planned for July

6.34 CWaC are in the process of finalising their requirements in this area, and will be working with CE to understand if one solution could be used as the basis of an approach which both Councils could adopt in order to reduce overall costs.

Highways

Status – In Progress – Recommendations planned for July

6.35 A deeper understanding of both Council current contractual scopes and future plans has now been achieved, there is a significant difference in the makeup of each authority's contracts both in terms of delivery through the varying mixture of commissioned and in house services and contract duration.

6.36 Further discussions with stakeholders in both Councils will be undertaken to understand the strategic direction for each authority and the future approach to the renewal of term maintenance contracts and the potential inclusion of ICT systems and support.

Transport

Status – Complete - CWaC Procurement complete key information shared with CE.

6.37 CWaC's Transport service had already begun a system reprocurement exercise which is now in the stages of Contract award. TSS have not been able to engage to the same timescales due to the ongoing "Total Transport" review, the outcomes of which will inform related system requirements across CE.

6.38 Via the service review process, key stakeholders within TSS have been engaged in this process in order to ensure the requirements defined by CWaC, and therefore the outcomes from the procurement process, could also be utilised by TSS in due course. TSS have been actively engaged in the CWaC procurement exercise, so as to maximise the potential for a shared solution in future.

Elections

Status – On Hold – Recommendations planned for July

6.39 Stakeholders in each Council have agreed in principle that a joint reprocurement exercise will be undertaken at an appropriate point in the medium term, having

regard for the ongoing suitability of incumbent solutions. The pattern of local, national and EU elections over the next few years points towards 2021 as a likely target date for a system replacement, unless a compelling business case can be developed to support a change in the shorter term, on the basis of financial savings to be achieved.

6.40   The service reviews will re-establish discussions and recommendations with the election stakeholders in both Councils post upcoming elections and produce a set of final recommendations.

7.0   FUTURE CHANGES

7.1   Throughout the Service Reviews there has been a recognition that in many of the service areas with in scope of the reviews, working practices are similar and wider benefits could be gained through understanding common practice and learning from both Councils.

7.2   The future approach for the Service Reviews would expand the current methodology to understand and capture these synergies with the aim of outlining cases for joint working, further opportunities to share and to underpin both Councils digital journeys.

7.3   To ensure future consistency and delivery CE & CWaC supported by the Service Review Team are in the initial stages of creating a Joint Design Authority to align our digital and technology plans around the needs of both Councils, ensuring opportunities to collaborate further can be taken.

8.0   Next Steps

8.1   To reflect the changes of CoSocius transferring to a Council Shared Service and the future transformation plan, the approach to this programme of work is currently being reviewed to ensure the output and recommendations achieve the best possible outcome for both councils and that opportunities to collaborate are taken.

8.2   An update and forward plan will be brought to this Committee in July to articulate any changes to how this overall programme of work will continue alongside the delivery of the new Shared Services for ICT and Transactional Services.

9.0   Wards affected

9.1   None.

10.0 Policy implications

10.1   None.

11.0 Financial Implications

11.1 Each Council spends a significant amount of money on provision of line of business applications. The reviews currently in progress will ensure that the Councils receive value for money for their taxpayers. The service reviews underway will ensure that this situation is continually monitored in a fast changing ICT environment.

11.2 This committee is responsible for the oversight of management of the shared services to ensure effective delivery and to provide strategic direction. However approving the budgets for the functions discharged by the committee are reserved to the Councils and any future investment requirement will require approval by CWaC and CE respectively.

12.0 Legal Implications

12.1 Where the decisions flowing from reviews requires procurement activity, this will be carried out in accordance with the Public Contracts Regulations 2015, including any pre market consultation.

13.0 Risk management

13.1 Programme risks are being identified and reported as necessary to the Joint Officer Board through normal programme management mechanisms. The Board will escalate any significant risks to the Committee as appropriate during the course of the programme.

14.0 Access to Information

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

    : Peter Bates / Samantha Brousas
    : Cheshire East – Chief Operating Officer / Cheshire West and Chester – Director of Professional Services
   Tel No: 01270 686013 / 01244 972739
    Email: peterbates@cheshireeast.gov.uk /
samanthabrousas@cheshirewestandchester.gov.uk

Background Documents:
    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

CHESHIRE EAST COUNCIL
CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 20 May 2016

Report of: Sam Brousas – Cheshire West and Chester and Peter Bates – Cheshire East

Subject/Title: ERP Replacement Programme

1.0   Report Summary

1.1   The purpose of this report is to update Members on the progress being made in the development of a business case in relation to the future provision of the Councils' core HR and Finance system, following approval of a previous outline business case in January 2016.

2.0   Decisions Requested

Members are asked to:

2.1   Note and endorse the work of the ERP Programme since the previous ERP Outline Business Case was approved in January 2016;

2.2   Approve and comment upon the Programme Vision which has been developed in support of this programme of work;

2.3   Note the positive opportunities which have been identified to date to deliver significant financial savings to both Councils through the implementation of a replacement HR and Finance system and processes;

2.4   Endorse the request to initiate a joint procurement exercise, for the purpose of refining and confirming the business case and in advance of a formal decision to procure a replacement solution;

2.5   Provide appropriate support to the Cabinet decision making process in both Councils to formally endorse and approve this request and secure the necessary funding and resources to deliver this activity; and

2.6   Approve the formation and membership of a Member / Officer ERP Steering Group, with the objective of coordinating, directing and providing oversight to the Joint ERP Programme.

3.0 Reasons for Recommendations

3.1 To allow Members to review and comment on progress made in developing the business case for the future HR and Finance systems and processes for the Councils and its partners, and to ensure appropriate approval is obtained prior to commencing a formal procurement exercise.

4.0 Report Background

4.1 The two Councils and a wide range of their partners utilise the Oracle "e-Business Suite" to support the operation of their core Finance and HR / Payroll business processes. The system was implemented by the County Council in 2002 and has been successfully supporting our business processes since then. The system has been upgraded and modified over its period of operation, with the last major upgrade taking place in 2012. The base processes rely in the main on the design put in place in 2002, which have also required partners and the new Council owned companies to follow a similar approach in their use of the system.

4.2 During the latter part of 2015/16, the two Councils commissioned a review of the system and an exploration of the market place, to assess what the most appropriate solution would be to meet the organisations' requirements in respect of HR and Finance. This review progressed with direction from the Shared Services Joint Committee in January 2016, seeking to further explore the costs and savings to both the business and technology aspects of the operation.

4.3 Whilst the two Councils continue to operate Oracle on a perpetual licence, the ongoing capital and revenue cost of operating the current solution has not been subject to any formal market testing via a procurement arrangement over its lifetime. A major change to the current version of the Oracle product will be required in the next few years, and the work in late 2015 suggested that the market should be formally tested prior to committing to a further upgrade to the next major Oracle release.

4.4 The review has continued during the early part of 2016, exploring a range of possible business changes and improvements that will reduce the cost of providing the relevant functionality to our user / customer base, will improve the user experience, and will help to improve compliance using standard and simple processes.

5.0 Strategic Case

5.1 The current arrangement utilising Release 12 of the Oracle e-Business suite will fall out of support by Oracle in December 2019, and alongside this the current hardware will require an upgrade during this timeframe.

5.2 Arrangements for managing this type of technology solution have evolved over the period since Oracle was implemented, and are rapidly developing in the marketplace now. Both Councils have determined that they will deploy new systems on a 'cloud first' (hosted by another organisation and provided to the Councils' users via the Internet) basis where they can, seeking to reduce the cost

of local hardware. The latest version of Oracle's system, called "Oracle Fusion" and/or "Oracle Cloud", is based on an externally hosted model.

5.3   The programme vision builds on four concepts of simplicity, standardisation, shared arrangements and self service, with the following vision:

- The Programme's vision is to deliver a finance and human resources solution of the Councils and our subsidiaries and partners, which supports our desire for how we want to work in the future.
- Our chosen solution will be **simple**, easy to use, intuitive and unobtrusive.
- We will actively adopt **standard** best practice processes and solutions and will not customise those processes without good reason.
- We will **share** common processes and working practices across our organisations; and
- We will roll out processes based on a **self-service** driven approach, delivering ways of working which are modern and efficient.

5.4   The goal is to utilise technology that will bring the Councils up to date with the latest solutions available in the market place today, and where possible replicates the revolution in the domestic IT market in terms of ease of use and flexibility of deployment across a range of different devices. The aim is to ensure our managers and staff are responsible for delivering a range of processes and activities independently using self-service functionality, but with a system which is intuitive and supportive, and even perhaps enjoyable to use, rather than one which is perceived as a barrier to effective business processes.

5.5   The intended outcome from this programme is a more engaged, more enthusiastic and better supported workforce, able to focus more on outcomes and less on process, with access to business information which allows easier decision-making.

5.6   Key risks associated with this programme have been captured in a register, and a summary of the most significant risks and mitigating actions is attached at **Appendix 1** to this report.

6.0   Economic Case

6.1   The proposal that has been explored has reviewed the option to replace the current version of the Oracle e-Business Suite, which is managed in-house and onsite, with an externally hosted and supported arrangement.

6.2   There are two key strands to the economic case which supports this proposal - firstly the transformational change which can be achieved using a new back office system as a platform, and secondly the savings which can be achieved simply by replacing our existing solution with a modern replacement product.

Business Process Transformation

6.3   The work of the programme team to date has identified through market testing that HR and Finance solutions are available in the marketplace which offer a

once in a decade (or longer) opportunity to drive significant business process transformation across all aspects of our organisations.

6.4   A range of officers from across a variety of disciplines from both Councils have explored what is available in the market place, via a soft market testing approach, meeting with potential organisations and companies with solutions operating with a proven track record in the UK public sector.

6.5   The team has engaged with a number of similar local government organisations who have recently implemented modern integrated HR and Finance solutions. Typical savings achieved by these organisations in their strategic back office and transactional teams have been of the order of 30%.

6.6   However, these organisations are typically upgrading from the mainframe / paper-based working environment that existed within the Council prior to Oracle being implemented, or from existing non-integrated systems for Finance and for HR / Payroll. Figure 1 represents a view of the "change continuum" which we believe exists for organisations as they modernise their HR and Finance systems.

Figure 1: ERP Change Continuum
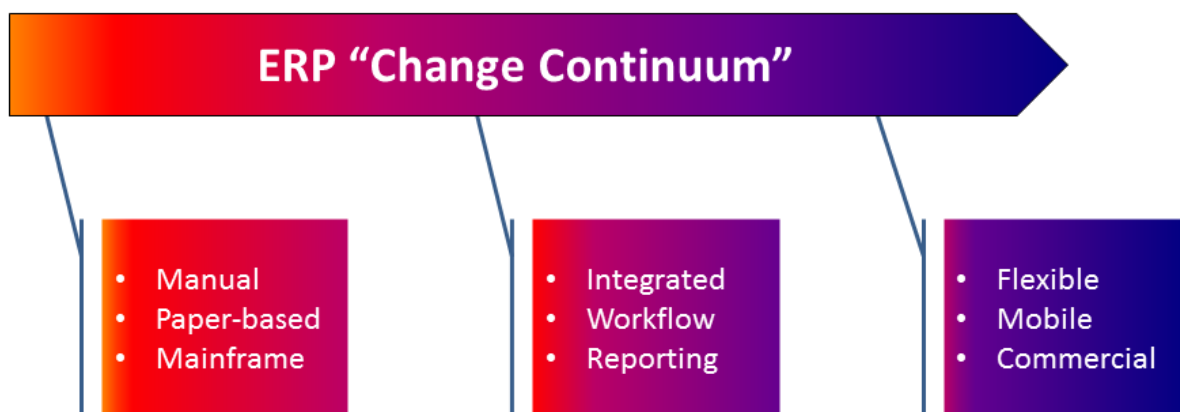
6.7   The programme team's view is that our Councils are further along the continuum than the reference sites we have engaged with so far, with Oracle having already helped us to move some way along the journey. On this basis we believe a minimum target of **10% savings** in respect of business process delivery is a realistic and achievable target.

6.8   Further work is underway to determine how a savings target of 10% would be translated across the strategic back office and transactional teams in both Councils. At this stage there is a high degree of confidence that the business process savings which can be achieved using a replacement HR and Finance solution as a platform for transformation will be significant and will form a vital component in the final business case for this programme.

6.9   This "top down" view of potential process savings has been supplemented by a high level "bottom up" review of our existing business processes. This has identified a number of key system / process deficiencies which are known to

cause inefficiency, and which represent specific, objective opportunities which will contribute to this overall savings target.

6.10 Further analysis of existing processes is expected to identify many more opportunities to deliver improvements. The review to date has focussed on strategic corporate and transactional functions, and takes no account of potential savings / efficiencies for managers and staff across the organisations - including "failure demand" resulting from deficiencies in the existing system or processes.

6.11 The work to date therefore gives confidence that the overall savings target identified through our "top down" approach is realistic, and is supported by some objective examples of specific improvements we expect a replacement solution to deliver.

6.12 It should be noted that the success of this implementation will depend to a great extent on the delivery of these process savings once a replacement system is operational. It is absolutely critical that Members and senior officers are fully supportive of the vision which underpins this programme, and of the need to "adopt not adapt" blueprint business processes provided to us by a supplier with experience in working with other local authorities and public sector partners, with the minimum possible changes being made to the system to adhere to existing local policies or working practices.

Technology Savings

6.13 As well as providing a platform for transformational change, the implementation of a new solution is expected to deliver savings simply in respect of the cost of providing an HR and Finance solution to the Councils, when compared to our existing product.

6.14 Work carried out as part of the programme to transfer the former CoSocius activities into Council-hosted shared services has helped to improve our understanding of the ongoing cost of our current Oracle solution. Ongoing activity to reshape the delivery of ICT Services, now led by Cheshire East Council, will deliver savings associated with the Oracle product during 2016/17. However, discussions both within the Council's ICT team and with a number of system suppliers in the market indicate that significant further savings will be achievable from the implementation of a new solution.

6.15 In addition to the financial factors it is important to note that the "do nothing" option is not a viable approach in this case, for a number of reasons:

- The current system falls out of support in December 2019, after which it will become increasingly difficult to secure support from the supplier ORACLE to maintain the system and resolve any problems which require their assistance.
- The hardware which the current system uses is aging and becoming increasingly difficult to maintain. There is no disaster recovery provision in place to assist in the rapid recovery of the system should this hardware fail.
- Procurement colleagues have advised that the current approach of renewing support arrangements with ORACLE on an annual basis without pursuing a formal procurement process fails to demonstrate value for money.

- Both Councils' external auditors have noted that they view Oracle as a "complex" system which requires additional annual testing as part of their year end audit process, ultimately pushing up both Councils' external audit fees when compared to other systems.

6.16   On this basis, no analysis has been presented in relation to the possibility of upgrading our current Oracle solution, as this option is not tenable. Adoption of the latest Oracle solution remains a valid approach which will be considered, if proposed by ORACLE as a potential solution to our published requirements and principles following the procurement process. It is also important to note that the latest Oracle solution, in a similar vein to other solutions, would require a fundamental re-implementation rather than a "simple" upgrade.

6.17   Engagement with suppliers of potential replacement solutions, combined with information obtained from references sites, indicates that an indicative future cost for an externally-hosted modern ERP system will achieve significant savings when compared to the current cost of the existing Oracle solution. There is a high degree of confidence in this analysis. However, a future procurement exercise will undoubtedly provide a firmer view of future solution costs, once a preferred product and implementation partner have been selected through a competitive exercise.

Cost of Change

6.18   Having identified the potential savings which can be delivered through system and process change, the viability of this proposal rests in part on the cost of implementing the change.

6.19   It is difficult to determine the cost of change for a solution which has not yet been formally selected through a procurement exercise. Engagement with potential suppliers and with our internal ICT Service as well as stakeholders across both Councils will be required to develop a firm view of implementation costs, before any procurement decision is finally taken.

6.20   However, engagement with potential suppliers through market testing, and with reference sites who have recently implemented similar solutions, has helped us to estimate at a high level the potential cost of change for our organisations.

6.21   The Programme team now seek permission to initiate a formal process to competitively test the market in order to to develop a more definitive view of the cost of replacing our current solution with a suitable alternative. The market is competitive and the Cheshire market place one that has a strong historic reputation and will keenly contested, so it is difficult to assess with any real accuracy the true cost until the market has been tested competitively.

Payback / Return on Investment

6.22   Based on the current view of potential benefits and the potential cost of change, it appears likely that an investment in a modern HR and Finance solution is likely to pay for itself within a five year period, and will generate a significant positive net present value to the two Councils over its expected lifespan.

6.23 Based on our experience with Oracle and using intelligence from other organisations, we expect a replacement solution to have a lifespan in excess of 10 years.

6.24 Achievement of business process savings has a significant impact on the viability of this business case. If additional savings can be identified through more detailed process analysis activity, this may reduce the potential payback period and improve the overall net present value. Delivery of business process savings is of vital importance to the success of the programme.

6.25 In order to provide a more robust view of the potential cost of change and the potential future running costs for a new HR and Finance solution, permission is now sought to initiate a formal competitive procurement process. A revised business case will be produced as a deliverable from this process, providing greater certainty around the cost of implementing and operating a replacement product, and providing confirmation that the investment required from both Councils is justifiable in terms of payback and overall benefits to the organisations relative to the cost of change.

7.0 Commercial Case

7.1 The implementation of a new HR and Finance system, and the associated business process transformation programme required to deliver anticipated savings, will require a blend of internal and external resources and expertise.

7.2 The Councils will be ultimately responsible for the success of the programme, and will retain accountability for programme delivery and the management of external partners' contribution to the work.

7.3 To secure the necessary external support, the programme proposes undertaking two parallel procurement activities:

- A full OJEU-compliant procurement exercise to secure a product and a partner to provide implementation / system build support, utilising a procurement route called "competitive procedure with negotiation"; and;
- A separate compliant procurement process to secure dedicated change management expertise and support, to work with the Councils' organisational development experts to ensure the successful delivery of the required transformation programme which will underpin the delivery of business process savings.

7.4 A number of solution delivery and future solution management principles have been discussed, and will be refined during negotiation with suppliers:

- Any new solution must come with predefined best practice business processes developed for local government – supported by reference sites who have successfully implemented the proposed solution;
- We expect to be challenged by our implementation partner – "adopt not adapt" as a guiding principle, aligning with the programme vision of a simple, standardised solution;

- The implementation approach must strike an appropriate balance between speed and efficiency of system build, and appropriate engagement of business users in the build process;
- The future solution should require minimal ongoing configuration, with any local configuration needing to be easy to manage, inexpensive to maintain, and business-led;
- The existing locally-managed Oracle solution must be maintained leading up to the implementation of the selected replacement, at minimum cost, and with any discretionary spend being justified either through payback during the remaining life of the existing product, or through a positive contribution to implementation activities for the replacement solution.

7.5 Consideration will need to be given to the potential staffing impact inherent in this proposal. Arrangements for the support and development of the existing Oracle solution have involved a sizable team of internal staff and contractors; it is expected that a future solution will be much less resource intensive to maintain, and this will have an impact on the internal support team which currently exists.

7.6 Also, arrangements will need to be made to ensure appropriate consultation with impacted staff across both organisations who will be affected by the business process transformation which underpins this business case.

8.0 Financial Case

Impact on capital and revenue costs

8.1 Significant capital expenditure is anticipated across both Councils in order to implement a replacement solution, assuming permission is given by each organisation to do so.

8.2 It is anticipated that activity during the financial year 2016/17, which will form part of the total overall cost of change for the programme, will focus partly on the competitive procurement process, and partly on certain activities which are essential to support a successful migration, and where initiating the work sooner rather than later will be of benefit in terms of preparing for the post-procurement implementation programme and in terms of risk mitigation.

8.3 **Appendix 2** to this report provides a breakdown of the resources believed to be required to deliver the activities in 2016/17 which will support a procurement exercise and the other programme activities outlined above.

8.4 This further phase of activity in relation to this programme will deliver:

- An OJEU-compliant competitive procurement exercise which will validate current thinking around cost of change and future running costs and result in a final business case being produced;
- Detailed business analysis of current processes, to identify further opportunities for business process savings to be achieved through this programme; and
- Pre-implementation preparatory activity in relation to data cleansing, data migration and archiving strategies, and detailed mapping of integration

requirements between a future HR and Finance solution and both Councils' other line of business systems and emerging Digital platforms.

8.5   The Committee's support is sought at this stage to support the decision making and governance mechanisms in each Council necessary to initiate a formal procurement process. This will enable the development of a full business case, ahead of a procurement decision, which itself will be subject to the approval of appropriate governance forums within each Council. An outcome of this activity may be to demonstrate that the procurement of a replacement solution is not appropriate, at which point this Programme would be realigned towards a future preferred approach to provision of an HR and Finance solution for the Councils.

8.6   Based on the work of this programme to date, significant savings in both capital and revenue expenditure are anticipated over the likely lifespan of a replacement solution, when compared to the existing Oracle product.

Sources of Funding

8.7   The programme will be shared and jointly funded by both Councils. For Cheshire West and Chester Council, other than the costs associated with the current phase, the programme will be funded through a bid against the Council's Invest To Save capital allocation, and will be required to demonstrate payback within an acceptable period with cashable savings being achieved.

8.8   For Cheshire East Council, an existing ERP Transformation capital budget has already been established. This has been carried forward into 2016/17. The cost of the proposed procurement phase will be funded from this allocation. The final business case will be needed to justify a decision to incur any further expenditure against this allocation, again through demonstrating payback within an acceptable period with cashable savings being achieved.

9.0   Management Case

9.1   This proposal will ensure successful delivery through utilisation of:

- A software solution that has demonstrable evidence of delivering a return on investment in Local Government;
- Third party expertise with experience of implementing similar software solutions;
- A blend of internal and external skilled resource;
- External change consultants to underpin the delivery of transformational change management;
- Strong governance model with commitment from Members and senior management from both Councils; and
- A realistic and achievable delivery plan

9.2   An indicative procurement and implementation timetable is set out below:

Activity	Timetable
Call for competition	July 2016 (following Cabinet approvals)
Shortlisting	October 2016
Contract award	March 2017
Mobilise / commence implementation	April 2017
Design and build solution	May to October 2017
Testing	November 2017 to February 2018
User training	February to May 2018
Go live	April 2018

9.3   Contract award and implementation activities will only proceed upon approval of the final business case which will be developed following the outcome of a procurement process.   This timetable will be refined during the process of negotiation with potential suppliers, and will be finalised prior to contract award and mobilisation of the implementation team.

9.4   Reference site discussions and visits have repeatedly emphasised the importance of senior leadership engagement (Member and officer) in this type of transformation programme, with strong programme leadership and governance being essential to the success of an investment which is expected to impact in some way on almost every employee, customer and supplier of the Councils.

9.5   Figure 2 below sets out the current governance arrangements for the emerging programme, which is anticipated to support the remainder of the implementation.

Figure 2: Programme Governance

9.6   The ERP Steering Group is a new forum which is intended to meet on a monthly basis, beginning in June 2016.   The proposed Terms of Reference and membership of this group are attached at **Appendix 3** to this report.   The Committee is asked to review and approve the membership and terms of reference, ahead of the first formal meeting of this Group.

9.7 The ERP Programme Board has already been formed, and has typically met on a fortnightly basis since late 2015, to review and approve key programme deliverables to date, to review progress against the current plan, and to discuss and assist in the resolution of key risks and issues.

10.0 Wards affected

10.1 None.

11.0 Policy implications

11.1 None.

12.0 Financial Implications

12.1 Each Council spends a significant amount of money on provision of our core Finance and HR system. This programme will ensure that the Councils receive value for money for their taxpayers and ensure effective use of resources through provision of systems which can be demonstrated to offer value for money.

12.2 This committee is responsible for the oversight of management of the shared services to ensure effective delivery and to provide strategic direction. However approving the budgets for the functions discharged by the committee are reserved to the Councils and any future investment requirement will require approval by CWaC and CE respectively.

13.0 Legal Implications

13.1 Where the decisions flowing from this programme require procurement activity, including any pre market consultation, this will be carried out in accordance with the Public Contracts Regulations 2015, The European Procurement Regulations and the Treaty of Rome.

14.0 Risk management

14.1 Programme risks are being identified and reported as necessary to the ERP Programme Board, through normal programme management mechanisms. The Board will escalate any significant risks to the proposed ERP Steering Group, and to this Committee, as appropriate during the course of the programme.

15.0 Access to Information

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

  : Peter Bates / Samantha Brousas
  : Cheshire East – Chief Operating Officer / Cheshire West and Chester – Director of Professional Services
 Tel No: 01270 686013 / 01244 972739
Email: peterbates@cheshireeast.gov.uk /
  samanthabrousas@cheshirewestandchester.gov.uk

Background Documents:

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

Joint ERP Replacement Programme

Risk Register summary – May 2016

Theme	Risk	Impact	Current Likelihood	Current Impact	Current Risk Score	Mitigating actions	Target Likelihood	Target Impact	Target Risk Score
	What is the risk? There is a risk that ….	*What is the effect if the risk occurs?* *"… leading to… resulting in …"*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*	*PREVENT / REDUCE / TRANSFER / CONTINGENCY / ACCEPT*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*
Vision	There is a risk that the Councils cannot agree to maintain a standard and shared approach	The cost of the solution implemented increases due to the need to deliver divergent processes, resulting in the business case and future benefits being adversely impacted.	3	4	12	The business case vision needs to be endorsed by the senior leadership team and Members in both Councils to ensure that the future vision and values can be achieved. Having a strong governance model in place for the duration of the programme will ensure that the benefits will be achieved.	2	2	4
Vision	There is a risk that the vision is insufficiently communicated to key stakeholders	Failure to engage and enthuse the correct stakeholders in the programme's vision, resulting in apathy / failure to secure necessary support / barriers and blockers being put in place	3	4	12	Strong governance should prevent this from happening. The Steering group will need to confirm the vision and provide the necessary mandate to prevent this risk from happening	2	2	4

Theme	Risk	Impact	Current Likelihood	Current Impact	Current Risk Score	Mitigating actions	Target Likelihood	Target Impact	Target Risk Score
	What is the risk? There is a risk that ….	*What is the effect if the risk occurs?* *"… leading to… resulting in …"*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*	*PREVENT / REDUCE / TRANSFER / CONTINGENCY / ACCEPT*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*
Resources	There is a risk that the programme may fail to appropriately scope and plan the resources required which may impact upon the delivery of all of the programme deliverables	Programme timescales and deliverables cannot be achieved according to programme plan, resulting in delays in implementation of new system and delivery of benefits	4	4	16	Recruit external SME resource. Likely resource is Procurement/Commercial, Legal, Technical, Business Analysts, PMO and finance	2	2	4
Resources	There is a risk that appropriate internal and external resources are not secured	Programme timescales and deliverables cannot be achieved according to programme plan, resulting in delays in implementation of new system and delivery of benefits	4	4	16	Recruit external SME resource. Likely resource is Procurement/Commercial, Legal, Technical, Business Analysts, PMO and finance	2	2	4
Governance	There is a risk that the principles of joint working and shared objectives are undermined by decisions or practices within each organisation	The programme vision, including the principles of shared and standard processes, cannot be delivered, resulting in a failure to achieve the benefits set out in the business case	3	4	12	Strong governance will prevent this from happening. The Steering group will need to confirm the vision and provide the necessary mandate to prevent this risk from happening	2	4	8

Theme	Risk	Impact	Current Likelihood	Current Impact	Current Risk Score	Mitigating actions	Target Likelihood	Target Impact	Target Risk Score
	What is the risk? There is a risk that ….	*What is the effect if the risk occurs?* *"… leading to… resulting in …"*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*	*PREVENT / REDUCE / TRANSFER / CONTINGENCY / ACCEPT*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*
Change	Users are not adequately prepared for the change associated with the new system	User experience will be suboptimal leading to frustration, lower adoption rates, and ultimately failure to achieve expected savings	3	4	12	The organisational development change elements of the programme will remain within the control of the council and not the implementation partner. Change experts will drive the change to ensure that managers and staff are coached and prepared appropriately to ensure that take up of new processes will be clear. An organisational development strategy will be developed to define the demarcation between suppliers and the Council change teams responsibilities	2	2	4

Theme	Risk	Impact	Current Likelihood	Current Impact	Current Risk Score	Mitigating actions	Target Likelihood	Target Impact	Target Risk Score
	What is the risk? There is a risk that ….	*What is the effect if the risk occurs?* *"… leading to… resulting in …"*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*	*PREVENT / REDUCE / TRANSFER / CONTINGENCY / ACCEPT*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*
Change	There is a risk that support for the programme and its vision is evident in the corporate services but not in front line services	Approach to change delivery may be perceived as too "corporate", resulting in a lack of engagement or support from end users in front line services in particular	4	3	12	Early communications and engagement with all stakeholders will assist with informing them of programme objectives. Communication should continue on a needs basis until the implementation programme is mobilised at which point the communications and engagement approach will be significantly ramped up. The process of engaging third party OD and change specialists should reduce the overall risk rating	2	3	6
Communications	There is risk of Ineffective engagement / communications / stakeholder management	Failure to engage and enthuse the correct stakeholders in the programme, resulting in apathy / failure to secure necessary support / barriers and blockers being put in place	3	4	12	Discuss communications and engagements with the Corporate Communications teams and then assess whether external resource is required	1	2	2

Theme	Risk	Impact	Current Likelihood	Current Impact	Current Risk Score	Mitigating actions	Target Likelihood	Target Impact	Target Risk Score
	What is the risk? *There is a risk that ….*	*What is the effect if the risk occurs?* *"… leading to… resulting in …"*	*1=low* *2=med* *3=high* *4=v high*	*1=low* *2=med* *3=high* *4=v high*	*PxI -* *1 to 16*	*PREVENT /* *REDUCE /* *TRANSFER /* *CONTINGENCY /* *ACCEPT*	*1=low* *2=med* *3=high* *4=v high*	*1=low* *2=med* *3=high* *4=v high*	*PxI -* *1 to 16*
Requirements	There is a risk that requirements are not appropriately signed off and "locked down" once implementation begins	"Scope creep" arises during implementation, resulting in increased programme costs and a delay in implementation	3	4	12	The requirement detail will be explored through the implementation partners detailed design phase. We are look to adopt and adapt well honed local government processes that are inherent in the new system. A programme change control process will be implemented to add, remove or materially change a requirement. Changes will be signed off within the delegated approval limits put in place within the overall programme governance	2	2	4
Existing	Data cleansing activity is not carried out with sufficient rigour prior to data migration to new system	Poor quality data is migrated to the new system, resulting in unreliable processes and operating inefficiencies	3	4	12	The cleansing of data needs ownership within the business areas supported by competent business analysis skills to identify and inform decision making on data cleansing findings. Aligned to this is the need to change business processes to avoid the cause and effect.	1	4	4

Theme	Risk	Impact	Current Likelihood	Current Impact	Current Risk Score	Mitigating actions	Target Likelihood	Target Impact	Target Risk Score
	What is the risk? There is a risk that ….	*What is the effect if the risk occurs?* *"… leading to… resulting in …"*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*	*PREVENT / REDUCE / TRANSFER / CONTINGENCY / ACCEPT*	*1=low 2=med 3=high 4=v high*	*1=low 2=med 3=high 4=v high*	*Pxl - 1 to 16*
ICT	There is a risk that the Integration approach may not be defined and agreed with both councils by the time the procurement in issued to potential suppliers	Suppliers may have to make assumptions that may inflate the overall price of the contract or could lead to costly change control in implementation	3	4	12	Holding statement could be put into the requirements with the potential to include requirements at a later stage. However, this has still to be tested with eternal legal advice	2	2	4

ERP Replacement Programme

Pre-procurement phase (June 2016 - March 2017)

Role	Total Days	Rate	OJEU procurement	Business process analysis	Pre implementation activities	Total Cost
Programme Resources						
Senior Programme Manager	205	300	20,500	20,500	20,500	**61,500**
Project Manager	164	300	16,400	16,400	16,400	**49,200**
Delivery SME	191	600	38,200	38,200	38,200	**114,600**
Programme office support	205	300	20,500	20,500	20,500	**61,500**
Business Change Lead	36	300	-	5,400	5,400	**10,800**
Procurement Manager	127	300	38,100	-	-	**38,100**
Legal and Commercial Manager	102	300	30,600	-	-	**30,600**
Business Analysts x 4	240	300	-	72,000	-	**72,000**
SMEs						
HR SME - definition of requirements, support for the as is analysis and support for the procurement process	74	300	11,100	11,100	-	**22,200**
Payroll SME - definition of requirements, support for the as is analysis and support for the procurement process	74	300	11,100	11,100	-	**22,200**
Finance SME - definition of requirements, support for the as is analysis and support for the procurement process	74	300	11,100	11,100	-	**22,200**
Income/procurement SME - definition of requirements, support for the as is analysis and support for the procurement process	74	300	11,100	11,100	-	**22,200**
Technical SME - definition of functional and non-requirements, security policies, hosting principles and digital considerations; support for the procurement process	74	500	18,500	18,500	-	**37,000**

Support Resources						
ICT / Technical Support - supporting the Technical SME and contributing to the delivery of the technical outputs	15	500	-	3,750	3,750	**7,500**
Technical Solutions SMEs – HR / Payroll & Finance / Procurement	74	500	-	-	37,000	**37,000**
Finance and Audit	74	300	11,100	11,100	-	**22,200**
HR - definition of TUPE requirements and on-going HR support	20	300	6,000	-	-	**6,000**
External Legal advice and support	-	-	75,000	-	-	**75,000**
Pre-Implementation Activities						
Data Cleansing Strategy - Approach for cleansing and on-going maintenance	30	500	-	-	15,000	**15,000**
Data Migration Strategy	30	500	-	-	15,000	**15,000**
Data Archiving Strategy	30	500	-	-	15,000	**15,000**
Supplier Rationalisation and on-going maintenance - Oracle Team	30	300	-	-	9,000	**9,000**
Supplier Rationalisation and on-going maintenance - P&I	30	300	-	-	9,000	**9,000**
Grand total			319,300	250,750	204,750	**774,800**
Cost per Council			159,650	125,375	102,375	**387,400**

Joint ERP Programme – Steering Group Terms of Reference

A.   Purpose of the Steering Group

This Steering Group has been established to coordinate, direct and provide oversight to the Joint ERP Programme. It provides a mechanism to review the activities of the ERP Programme Board and of the teams and groups which support the Board in the delivery of the objectives of the Programme.

Specifically, the role of the Steering Group includes:

- Championing the ERP Programme's vision and objectives at a senior and political level;
- Approving key programme deliverables, including the vision, the business case, the organisations' requirements leading into procurement activities; the programme plan, the communications strategy, and the programme budget;
- Providing direction on vision and programme delivery;
- Providing a point of escalation for significant risk and issues, including cross-organisational challenges, difficulties in applying the programme vision in practice, and addressing blockages and barriers as they arise;
- Supporting the ERP Programme Board in the management of key stakeholders; and
- Supporting the Shared Services Joint Committee in exercising formal governance over the programme.

B.   Membership of the steering group

The members of the Steering Group will comprise:

- Cllr David Armstrong (CWaC, Portfolio Holder for Legal and Finance)
- Cllr Peter Groves (CE, Portfolio Holder for Finance and Assets)
- Mark Wynn (CWaC, Director of Finance and s151 Officer)
- Peter Bates (CE, Chief Operating Officer and s151 Officer)
- Sam Brousas (CWaC, Director of Professional Services)
- Dominic Oakeshott (CE, Joint Senior Responsible Officer for ERP Programme)

C.   Structure of the steering group

The steering group meetings will be chaired by the Joint SRO for the Programme, Dominic Oakeshott.

Minutes will be taken of the meeting and circulated subsequently.

The chair will act as a co-ordinator at all meetings. All decisions relating to the steering group are made based on a consensus basis.

D.   Group meetings

Meetings will initially be aligned to the scheduled meetings of the Shared Services Joint Committee, typically bi-monthly, but the frequency of the Group's meetings will be reviewed regularly. Meetings will be face-to-face where possible alternating between East and West Locations, but alternatives such as video conferencing will be used to maintain communication where appropriate. This steering group will exist until the ERP Programme has delivered its objectives or until such time that an alternative governance mechanism is agreed by the Group.

E.   Finance and resources

The ERP Programme at the time of formation is funded to deliver a Detailed Business Case. At this point it is anticipated that funding will be approved for the remainder of the programme through to delivery and implementation of a replacement solution.

Any third party costs incurred in the servicing of the Steering Group will be charged to the programme budget.

F.   Accountability

The ERP Steering Group will be accountable to the members of Shared Services Joint Committee.

The Group will present a progress report to each meeting of the Joint Committee during the lifetime of the Programme.

G.   Review

These Terms of Reference will be reviewed every 6 months, or as requested by members. Next review will take place in December 2016.