

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

## **REPORT TO: SHARED SERVICES JOINT COMMITTEE**

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| <b>Date of Meeting:</b> | 29 July 2011  |
| <b>Report of:</b>       | Cheshire East – Borough Treasurer & Head Of Assets<br>Cheshire West & Chester – Director of Resources |
| <b>Subject/Title:</b>   | Shared Services Report regarding: Closedown of CBS Supplies   |

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### **1.0 Report Summary**

- 1.1 This report provides a summary of the outcome of the closedown of CBS Supplies.

### **2.0 Decision Requested**

- 1.1 Approval of transition log and termination of Shared Services Agreement in respect of CBS Supplies.

### **3.0 Reasons for Recommendations**

- 3.1 Completion of closedown of CBS Supplies

### **4.0 Wards Affected**

- 4.1 This report relates to a shared service that operated across both Cheshire East and Cheshire West & Chester so all wards are affected in both Councils.

### **5.0 Local Ward Members**

- 5.1 Not applicable. CBS Supplies warehouse was located in Runcorn.

### **6.0 Policy Implications including - Carbon reduction - Health**

- 6.1 None

### **7.0 Financial Implications (Authorised by the Borough Treasurer)**

- 7.1 The long term financial implications for ceasing operations and efficiency opportunities for implementing new arrangements were included in the reports previously provided to the Committee, (see attached Background Documents).

7.2 The financial implications for the closedown are;

|   | £               |
|---|-----------------|
| Trading Deficit (excluding redundancy / early retirement costs) | 99,034          |
| Redundancy Costs  | 413,850         |
| Early Retirement / Actuarial Costs                              | 108,144         |
| Residual transactions   | 10,571          |
| Forecast return from Sales of Assets and Stock                  | <u>(35,000)</u> |
| Total   | 596,599         |

7.3 The actual redundancy, early retirement and actuarial costs are less than the original forecast of £1.085m.

7.4 Cheshire West and Chester are purchasing stationery from Banner by utilising a Merseyside Hub framework contract. An analysis of prices compared to CBS Supplies evidences a saving of 18% representing an approximate cashable saving of £100k for the Council and £200k for schools.

7.5 Cheshire East are purchasing from Office Depot after conducting an e- auction off a Buying Solutions framework representing £91K cashable saving for the Council

7.6 Following a competitive tender process a contract was awarded to the Disposal Services Agency (part of MOD) to manage the removal and sale of the remaining assets and stock. The approximate value of these assets and stock was £100k. The contract is based on 35% return of the sale value.

## **8.0 Legal Implications (Authorised by the Borough Solicitor)**

8.1 Under the Shared Services Legal Agreements, including the Administrative Agreement, Services Agreements and the Financial Memorandum, any severance costs associated with the closure will be shared equally between Cheshire East and Cheshire West & Chester.

## **9.0 Risk Management**

9.1 There are no outstanding risks

## **10.0 Background and Options**

10.1 The decision to cease the operation of CBS Supplies was confirmed by the Shared Services Committee on 7<sup>th</sup> January 2011.

10.2 Closure timetable;

Trading ceased: 11<sup>th</sup> February 2011

Staff redundancy: 31<sup>st</sup> March 2011

Handback of Warehouse to Landlord: 3<sup>rd</sup> May 2011

## **11.0 Access to Information**

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

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### ***Background Documents:***

*Cheshire Shared Services Joint Committee Report – 7 January 2011*  
*Cheshire Shared Services Joint Committee Report – 17 September 2010*  
*Cheshire Shared Services Joint Committee Report – 23 June 2010*  
*Cheshire Shared Services Joint Committee Report – 8 February 2010*