

# **Corporate Overview & Scrutiny Committee**

## **Shared Service Update**

### **Introduction**

1 Twelve months ago the Corporate Overview and Scrutiny Committee received an introductory briefing on the Shared Service arrangements put in place between Cheshire East (CE) and Cheshire West and Chester (CWaC) Councils post Local Government Review. This included an overview of:

- 32 sharing arrangements in place and current status
- Underpinning legal agreements
- Governance arrangements
- Key achievements
- Developments to move the Shared Services forward

2 This briefing will focus on the progress made over the intervening period and invite discussion on how the Corporate Overview and Scrutiny Committee can be effectively engaged in future developments to ensure that the benefits of the remaining sharing arrangement are realised for Cheshire East Council.

### **Current Progress**

3 During the last year several of the transitional Shared Services have concluded to plan in favour of separate alternative arrangements in each Council. The Appendix to this report provides an overview of the remaining Shared Services. It is anticipated that by the end of the year only ten Shared Services will remain.

4 Several initiatives are now being taken forward around the remaining Shared Services with CWaC. These can be summarised as follows:

- Separate Legal Entity – Work is currently underway to develop a robust business case to transfer the ICT, HR and Finance and Occupational Health Shared Services to a separate legal entity (SLE) to enable these services to operate in a more commercial environment. As part of this project the potential for greater collaboration with additional partners and extended trading opportunities are currently being explored. It is anticipated that the SLE will deliver further efficiencies for both CE and CWaC as well as helping to address problematic staffing arrangements through enabling the harmonisation of terms and conditions for staff employed in these services.
- Improving Performance – Activity is underway to stabilise and improve the performance of the Shared Services across the board. However this is primarily

focused on those services being considered as part of the SLE. Elements of this work include:

- Comprehensive benchmarking and consultation on the delivery of the ICT Shared Service
  - Robust approach to employee performance management
  - HR and Finance customer satisfaction surveys to be completed before the new year
- Performance Management Framework – efforts continue to strengthen the overall approach to performance management across the Shared Services. Initial Business Plans and Service Delivery statements have been revised to ensure these continue to meet the changing needs of CE and CWaC councils. Mid-year performance reporting has been introduced for 2010-11 to provide reassurance on Shared Service delivery.
- Budget Management - The majority of the remaining Shared Services are hosted by CWaC which means that CE is reliant on them to provide accurately and timely data to inform its own accounting processes. In practice this has not been without its difficulties. As a result CE will be undertaking a review of this activity with a view to discussing an improved approach with CWaC to be implemented in the near future.
- ICT Zero Based Budget – A comprehensive exercise has been undertaken to understand the budget deficit in the ICT Shared Service. Measures are being taken as part of the SLE work programme to address this issue.
- Risk Management – As part of the Business Planning process all Shared Services are required to produce a current risk assessment. These in turn help to inform the Strategic Shared Service Risk Register regularly monitored by the Joint Officer Board and Joint Committee.
- Shared Protocols – Several protocols have been developed on the basis of emerging practices to assist the ongoing governance of Shared Services. These include areas such as HR, Procurement, Finance and Audit.

## **Moving Forward**

5 The main focus for Shared Services for the immediate future will be the development of the SLE. CE and CWaC Corporate Management Teams will be discussing this further in early December.

6 Moving forward, however, there are other opportunities which need to be explored which could benefit the Council in terms of achieving efficiencies through further collaborative working. These could involve CWaC but other options are equally being pursued, particularly with the AGMA authorities.

7 AGMA has identified several areas where mutual benefits could be gained by sharing services. CE Council is keeping a watching brief on a many of these with a view to seeing how they develop. However one area of collaboration that could benefit the Council more immediately is procurement and the potential around this is actively being pursued.

8 In its sharing arrangements with CWaC, the Council is well ahead of the game in terms of Shared Services. Research suggests that few, if any, other councils can claim the same breadth of sharing arrangements. A proven governance model and the Council's experience to date provide a strong basis to pursue further sharing opportunities that could benefit the Council and its partners in these austere times.

**Lisa Quinn – Director of Finance and Business Services**

