

CORPORATE SCRUTINY COMMITTEE – 20 JULY 2012-07-11

SHARED SERVICE BRIEFING

Separate Legal Entity

1. A project is currently underway to develop a separate legal entity for (SLE) for the HR and Finance and ICT to enable these shared services to operate on a more commercial footing with a view to delivering greater efficiency and generating more income in the future.
2. The Shared Services Joint Committee has been monitoring this project and are heavily involved in shaping the SLE proposal. Further deliberations are due at the end of July when it is anticipated that a firm basis for the development of a business case to inform future decisions will be agreed.
3. No final decision to move to an SLE has yet been agreed but it is anticipated that this will be achieved by September working to the timeline attached. This will be firmed up following the meeting at the end of the month
4. It should be noted that joint scrutiny meeting between CE and CWAC members is scheduled for 13 September and arrangements will be put in place for this to take place in Winsford. However it should be noted that the timing for this is likely to be late afternoon / early evening.

SLE Project Progress to Date

5. Part of the SLE project focused on stabilising and improving service delivery and involved extensive benchmarking (Gartner) and consultation activity (SOCITIM). Overall the results arising from this activity were largely favourable.
6. The development of the SLE will also help to address a range of staffing issues arising as a result of the existing Secondment Agreement e.g. co-workers on differing terms and conditions.
7. A revised target operating model (TOM) for the ICT Shared Service is being put in place which will benefit service delivery irrespective of the decision on the SLE. In preparation for this a comprehensive skills audit was undertaken to assess the suitability of staff moving forward. Where appropriate existing staff have been appointed to new roles but 39 staff have been released by the service. Vacancies for 24 posts are currently being advertised.
8. The vacancies reflect new roles not previously in the old TOM. These include Programme Managers; Domain Architects; Service Level Managers; Security; Capacity Management and Application Managers.
9. All of the roles in areas such as Service Desk had new role and job descriptions written upgrading the skill and job evaluated grades.
10. The new TOM was formally under Consultation for 3 months before selection and all colleague comments were addressed during that period and shared with both Trade Unions.

11. Colleagues applied for roles following the Consultation and unsuccessful applicants are following respective Redeployment processes – these have been more successful in CE than in CWAC.
12. More emphasis has been put on stronger succession management in key leadership roles including direct reports to the Head of Service.
13. The aim is to recruit more commercially experienced colleagues with cross sector experience.
14. Staff downsizing will eventually enable the ICT Service to operate from a single location which does not necessarily have to be Chester.
15. As the SLE develops new “factories” will be added to the model. A shared Revenues service has been identified as the most immediate opportunity.
16. Additional partner/s for the SLE are also being sought. This has involved discussions with several neighbouring authorities and other public sector organisations in Cheshire.

SHARED SERVICE SLE – PROPOSED DECISION TIMELINE

CE CMT Discussion	07.08.12	14.08.12	21.08.12	
CWAC Corporate Management Team				
CE: Informal Cabinet		13.08.12	20.08.12	27.08.12
CWAC				
CE Deadline for Cabinet Briefing Paper			29.08.12	
CE Briefing Meeting				03.09.12
CWAC Executive Briefing			22.08.12	
CWAC Deadline for Exec Papers			23.08.12	
CE/ CWAC Joint Scrutiny				13.09.12
CE: Cabinet				17.09.12
CWAC Executive			05.09.12	04.10.12
Joint Committee				28.09.12

Proposal for Shared Procurement Function

1 The Council's Corporate Procurement Unit has limited capacity which is becoming increasingly stretched. There are options for remedying this situation through internal unification of the procurement function or shared arrangements with other Councils. However the Council needs to have a very clear view of what it is trying to achieve and the appetite for change e.g.

- Reduced cost
- Driving out waste
- Increased intelligence on spend
- Demand management
- Retendering of contracts

2 The cultural change required to achieve any of the above should not be underestimated particularly as this will require a significant focus on driving compliance with procurement systems and processes.

Options Under Consideration

3 In September 2011, Cheshire East agreed to participate in project to explore the potential for a shared strategic procurement function between AGMA authorities. Ten authorities expressed an interest in being part of a joint procurement service with five (as highlighted below) taking forward the initiative as early adopters:

- | | | |
|------------------------|--------------------|---------------------|
| • Bury | • Salford | • Transport for GM |
| • Cheshire East | • Stockport | • Warrington |
| • Oldham | • Tameside | • GMP |
| • Rochdale | • Trafford | |

4 Consequently a project group consisting of the five earlier adopters was set up to progress the development of a Strategic Procurement Unit (SPU) reporting to a Project Board involving representatives from all ten interested parties and chaired by the Acting Chief Executive of Trafford Council. Each early adopter Council was allocated a core support role to offer advice on corporate issues (HR, Finance, Legal etc,) for the duration of the project. Cheshire East was allocated Legal on the basis of its experience of existing sharing arrangements.

5 At the SPU Project Board on 8 June 2012 Warrington Borough Council announced their intention to withdraw from the SPU (early adopters') project with immediate effect.

6 Ensuing discussions suggested that the remaining early adopter authorities (Trafford, Stockport and Rochdale) are keen for Cheshire East to remain in the project. However in the event that it decided

to withdraw it is likely that the three remaining early adopters will continue with the SPU project. The potential to go down this route has been aired with members in these authorities and whilst these are largely supported there are concerns about the impact on spend in individual local economies.

7 A Memorandum of Understanding is currently being considered to formalise the Early Adopters participation in the project.

8 All the early adopters with the exception of Cheshire East suggest that they have been successful in unifying the procurement function within their authorities. It is envisaged that by bringing these together in the SPU this will deliver savings and benefits to the participating authorities.

9 The aim of the Early Adopters Group is to set up a shared strategic procurement function on a model yet to be agreed but at this stage a separate legal entity has been ruled out.

10 All early adopters have committed to invest a modest sum of money (£15k) to resource project delivery. This temporary post will be advertised across all AGMA authorities.

11 Staff in all participating councils have been kept aware of developments and Trade Unions are currently being advised that this work is taking place.

Issues for Cheshire East Council

12 Cheshire East currently has a disparate approach to procurement. Resources deployed on procurement in service areas as well as the small corporate team need to be considered in this project to bring the Council into line with the other early adopters. An options appraisal for procurement will be developed to examine the proposed shared service and other models of delivery to ascertain the best way forward for Cheshire East. The timeline for this piece of work is yet to be agreed.

13 Concern has been expressed in other early adopter councils about the impact of strategic procurement on local suppliers. The same issue has been raised in terms of Cheshire East

13 No host / lead authority has been identified from the early adopters and the Council needs to consider if it goes down this route should it be offering itself up for this role.

Conclusions

13 This projects is still in the exploratory stage in terms of developing a fully informed business case for a shared strategic procurement unit which will deliver efficiencies and clear benefits to the participating councils. No firm commitment has been made by the Council at this stage to pursue this route other than modest funding to support the delivery of the initial project. However in the event of this proving to be a viable option for Cheshire East the Council will be required to formalise its commitment through the appropriate channels.

Jackie Gray
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11 July 2012