

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	28 June 2013
Report of:	Cheshire East – Head of Commercial Strategy, Business Innovation and Performance Cheshire West and Chester – Director of Resources
Subject/Title:	Future Proofing the Shared Services Governance Model

1.0 Report Summary

- 1.1 This report concerns the Shared Service Governance arrangements put in place in April 2009 between Cheshire East Council and Cheshire West and Chester Council. It assesses their continued fitness for purposes against a backdrop of reducing shared services, diverging requirements and the development of more commercial models of delivery.

2.0 Decision Requested

- 2.1 The exploration of alternative governance arrangements for current shared services be approved i.e.:
- i. Emergency Planning to be transferred to the Joint Emergency Planning Liaison Board
 - ii. Rural Touring Arts to be provided by CWAC under a Service Level Agreement to CE
- 2.2 The proposed changes to the Shared Services Governance Structure be agreed i.e.:
- i. Temporary inclusion of the SLE Executive Board and Programme Board until such times as the ICT and HR and Finance SLE has been delivered;
 - ii. Formalise Terms of Reference for the SLE Executive Board and Programme Board at the Joint Committee;
 - iii. Revise Joint Officer Board Terms of Reference to remove the Client Board and to more accurately reflect the membership of the Programme Board
 - iv. Endorse the introduction of Forward Plan for Shared Services business to ensure that decisions are made at the right time at the right forum

3.0 Reasons for Recommendations

- 3.1 Since their introduction in April 2009 the number of Shared Services has diminished and with it the requirement to deal with multiple operational and transitional issues associated with the initial bedding in of these arrangements. Whilst the remaining eight shared services are set to remain in some guise for

the longer term it is anticipated that the associated governance requirements will reduce and therefore it is timely to revise these to ensure that these remain fit for purpose.

- 3.2 It is evident that whilst some service areas will remain shared they would be better served by alternative governance arrangements.

4.0 Wards Affected

- 4.1 Not applicable

5.0 Local Ward Members

- 5.1 Not applicable

6.0 Policy Implications

- 6.1 There are no direct policy implications

7.0 Financial Implications

- 7.1 There are no direct financial implications

8.0 Legal Implications

- 8.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which the Authorities will work together. This includes Terms of Reference for the Joint Committee and the Joint Officer Board (as contained in Appendix 3). This document will need to be updated to reflect any fundamental changes to the current Agreement.

9.0 Risk Management

- 9.1 Proposed changes to the Shared Services Governance Structure might result in general operational decisions being delayed. This risk will be mitigated by a more pro-active approach to business planning as illustrated in Appendix 4.

10.0 Background and Options

- 10.1 The Local Government Review of Cheshire saw the dissolution of Cheshire County Council and six district councils in favour of two unitary authorities: Cheshire East Council and Cheshire West and Chester Council (CWAC). These became operational on 1 April 2009.
- 10.2 Whilst the bulk of services delivered by the former County Council were disaggregated to be delivered separately by the new councils a total of 32 service areas were retained to be delivered under a formal Shared Service agreement. Whilst each case was considered on its own merits the reasons for initially sharing could broadly be categorised by the following factors:

- insufficient time to disaggregate without potential risk of service disruption and therefore a transitional arrangement (e.g. Autism, Community Equipment)
- Prohibitive costs and little benefit in disaggregation (e.g. ICT)
- Inability to adequately split small specialist functions (Farms estate)

10.3 Sharing arrangements are formalised in an overarching Administration Agreement and Financial Memorandum with individual Shared Services Agreements and Secondment Agreements for each service area which were “hosted” by either CE or CWAC. The supporting governance model is available in Appendix 1 but in short these can be described as follows:

- Joint Committee – 3 Executive Members from each council
- Joint Officer Board – core membership including Section 151 Officers and Monitoring Officers from each council
- A Shared Service Manager for each service – liaising with client managers from each Council

10.4 Joint Committee have been required to meet monthly due to the pressure of transactional business requiring Member approval although meetings have been cancelled when there has been a lack of business.

10.5 Joint Officer Board meets fortnightly but has changed its format to enable adequate response to regular business and changing requirements e.g. developing a Separate Legal Entity for ICT and HR and Finance requiring consideration of both Provider and Client viewpoints. In effect this group met in three guises Regular JOB, SLE JOB and Client JOB as reflected in the revised Terms of Reference in July 2012.

10.6 Shared Service Manager and Client liaison meetings have varied across activities but on the whole where services remain they appear to be working well.

10.7 In effect these governance arrangements have seen the successful transition of the majority of shared services with only eight now remaining. Whilst it will be important to ensure that these continue to deliver quality services it is timely to consider their future direction and how this can best benefit both partners in the future. In doing this it will be important to establish governance arrangements which support and enable further transition.

11.0 Future Direction of Remaining Shared Services

11.1 Eight of the original shared services remain. These are:

- ICT
- HR and Finance
- Occupational Health
- Libraries Support Services
- Archives and Local Studies

- Emergency Planning
- Farms Estate
- Rural Touring Arts

11.2 Four years on from their inception there is an opportunity to look at these remaining services and to assess the potential future development and decision making requirements and how these can be best met by the existing governance arrangements whilst ensuring the most effective use of officers and Members time. An overall summary of the each service's potential direction of travel is contained in Appendix 2. This suggests that whilst there are still some big issues for the Joint Committee to consider (e.g. alternative premises for the Archives and Local Studies Shared Service) operational business is likely to decline. It also suggests that there are two Shared Services where alternative governance arrangements should be considered: Emergency Planning and the Rural Touring Arts service.

11.3 Emergency Planning - This Shared Service falls under the remit of the Joint Emergency Planning Liaison Board (JEPLB) as well as the Joint Committee. The JEPLB consists of both Members and senior officers from each Council. In effect this means that governance of the service is duplicated, for example, both receive Business Plans and Performance Reports although arguably these get more challenge from the JEPLB. There has been little requirement for JOB to get involved in resolving operational issues. Consideration should therefore be given to formally transferring the governance of this shared service to the JEPLB.

11.4 Rural Touring Arts - This Shared Service is totally grant funded and consists of 2 FTE staff employed by CWAC. JOB nor the Joint Committee have been required to consider any operational issues other than the Business Plan and consequent performance reports. Given this situation it is considered that this should cease to be a shared service but instead should become a service provided by CWAC to CE under an appropriate Service Level Agreement.

11.5 It is recommended that the above proposals receive due consideration with a view to transferring the governance of these Shared Services as suggested in each case.

12.0 Proposals for Changes to Shared Services Governance

12.1 Detailed proposals for the revised governance structure for Shared Services are contained in Appendix 3. This has been designed on the following basis:

12.2 Joint Committee – Monthly meetings have been scheduled for the current municipal year but it is unlikely that all of these will be required given the anticipated reduction in business and the delegation of powers to the SLE Executive Board. On this basis it is suggested that some of these meetings be cancelled as and when required based on the immediate need for Member input and for future years the frequency of meetings reduce to five per annum. JC Terms of Reference remain relevant and do not require updating (Annex 1).

- 12.3 Joint Officer Board – As above business dealt with at this Board is likely to reduce and therefore the frequency of meetings has been reduced to monthly. Again it is likely that some of these may be subject to cancellation dependent on the level of business being generated. JOB Terms of Reference need to be updated to reflect proposed changes (Annex 2).
- 12.4 SLE Executive Board – This body will be responsible for executive decision relating to all decisions relating to the development of and transition of the ICT and HR and Finance shared services to a Separate Legal Entity from 1 April 2014. This was agreed by Cheshire West and Chester Executive on 13.01.13 and Cheshire East Cabinet on 02.04.13. SLE Executive meetings will take place monthly and have been scheduled to precede Joint Committee. Formal Terms of Reference for the Board are currently being drafted. This is a task and finish group as once the SLE is established this body will be replaced by a Shareholder Board.
- 12.5 SLE Programme Board – This body will be responsible for the delivery of the SLE. This will include co-ordinating project workstreams, mitigating risks and escalating issues and ensuring that sufficient resources are mobilised to deliver the SLE to plan. Formal Terms of Reference are currently being drafted but it is a given that the Programme Board will meet fortnightly and report monthly to the SLE Executive Board. This is a task and finish group as once the SLE is established the company's Executive Board will take responsibility for strategic business planning and operation delivery.
- 12.6 The key to ensuring that Shared Services issues are dealt with at the appropriate body at the right time is a more disciplined approach to business decision management. In an effort to introduce this, a draft schedule of business is attached in Appendix 4 for consideration. This attempts to illustrate where scheduled meetings might be cancelled subject to business need.

13.0 Conclusion

- 13.1 Overall the Shared Services Governance Structure remains fit for purpose although the frequency of meetings could be reduced by a more disciplined approach to business planning. Whilst a mechanism has been established there is a risk that momentum may not be maintained due to pressure on resources.
- 13.2 However it is evident that some of the remaining Shared Services might be better served by alternative arrangements. These should be explored in terms of reducing duplication in overlapping governance processes.
- 13.3. The introduction of the SLE Executive Board and the SLE Programme Board to oversee the transition of the ICT and HR and Finance Shared Services to a separate legal entity are temporary additions to the governance structure but their Terms of Reference once drafted need to be formalised by the Joint Committee to ensure that there is a mutual understanding on where key decisions relating to the SLE will be made.

14 Access to Information

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

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Background Documents:

Cheshire East Cabinet Report – Shared Services – 7th October 2008
Cheshire West and Chester Executive Report – Joint Liaison Committee
Recommendations: Caretaker and Nominated Councils; Shared Services: Service Delivery Option; Shared Back Office Services – 15th October 2009
Cheshire East Cabinet Report – Shared Services – 3rd March 2009
Cheshire West and Chester Executive Report – Shared Services – 18th March 2009
Cheshire East Cabinet Report – Shared Services – 23rd March 2009
Cheshire Shared Services Joint Committee Report – 10th June 2009
Cheshire Shared Services Joint Committee Report – 13th July 2009
Cheshire Shared Services Joint Committee Report – 3rd September 2009
Cheshire Shared Services Joint Committee Report – 30th September 2009
Cheshire Shared Services Joint Committee Report – 26th October 2009
Cheshire Shared Services Joint Committee Report – 26th November 2009
Cheshire Shared Services Joint Committee Report – 3rd February 2010
Cheshire Shared Services Joint Committee Report – 12th March 2010
Cheshire Shared Services Joint Committee Report – 31st March 2010
Cheshire Shared Services Joint Committee Report – 28th May 2010
Cheshire Shared Services Joint Committee Report – 16th July 2010
Cheshire Shared Services Joint Committee Report – 17 September 2010
Cheshire Shared Services Joint Committee Report – 29 October 2010
Cheshire Shared Services Joint Committee Report – 26th November 2010
Cheshire Shared Services Joint Committee Report – 7th January 2011
Cheshire Shared Services Joint Committee Report – 25th February 2011
Cheshire Shared Services Joint Committee Report – 18th March 2011
Cheshire Shared Services Joint Committee Report – 29th July 2011
Cheshire Shared Services Joint Committee Report – 30th September 2011
Cheshire Shared Services Joint Committee Report – 25th November 2011
Cheshire Shared Services Joint Committee Report – 27th January 2012
Cheshire Shared Services Joint Committee Report – 24 February 2012
Cheshire Shared Services Joint Committee Report – 27th April 2012
Cheshire Shared Services Joint Committee Report – 18th May 2012
Cheshire Shared Services Joint Committee Report – 29th June 2012
Cheshire Shared Services Joint Committee Report – 27th July 2012
Cheshire Shared Services Joint Committee Report – 31st August 2012

Cheshire Shared Services Joint Committee Report – 28th September 2012
Cheshire Shared Services Joint Committee Report – 30th November 2012
Cheshire West and Chester Executive – 09th January 2013
Cheshire Shared Services Joint Committee Report – 22nd February 2013
Cheshire Shared Services Joint Committee Report – 22nd March 2013
Cheshire East Council Cabinet – 2nd April 2013

Documents are available for inspection at:

Cheshire East Democratic Services
Westfields
Middlewich Road
Sandbach
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Cheshire West & Chester Democratic Services
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Chester,
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