

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	29 November 2013
Report of:	Cheshire East – Chief Operating Officer Cheshire West & Chester – Director of Resources
Subject/Title:	Shared Service Update at Mid Year Review

1.0 Report Summary

- 1.1 This report provides a summary of the financial position and performance against key indicators at mid year for the remaining Shared Services. It summarises the current forecast outturn position for 2013-14 at this point based on actual expenditure at the end of September 2013.
- 1.2 In terms of overall performance, this report indicates that the majority of Shared Services appear to be delivering to plan under the sharing arrangements between Cheshire East Council (CE) and Cheshire West and Chester Council (CWAC). An indication of overall performance for each shared service at the mid year point is contained in Appendix 1. This provides a simple RAG (Red/Amber/Green) rating for each area. Five Shared Services are rated as “Green” at the mid year point 2013-14 which is an increase on that reported at Outturn 2012-13. This suggests that performance issues highlighted at that time are being addressed.
- 1.2 Full details of the financial outturn projection for individual services are shown at Appendix 2. High level risks to shared service arrangements are summarised in Appendix 3.

2.0 Recommendations.

- 2.1 That the overall mid year performance position relating to the Shared Service arrangements be noted.

3.0 Reasons for Recommendations

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

4.0 Wards Affected

- 4.1 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.

5.0 Local Ward Members

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

6.0 Policy Implications

- 6.1 None.

7.0 Financial Implications - Summary Outturn Forecast 2013-14

- 7.1 In producing the 2013-14 mid year review and forecast outturn, each Shared Service has been reviewed and an agreed summary of actual costs to date and forecast outturn positions have been identified for each service. This forecast outturn is then split according to the respective cost sharing arrangement for each service. This has then been compared to the 2013-14 budgets for each Authority to produce a budgetary variance and forecast outturn position. Further details are provided in Section 12.
- 7.2 Full details of the outturn projection for individual Shared Services are shown in Appendix 2. Table 1 below provides details of the individual Shared Services collective position as at the projected outturn position.

Table 1

2013-14	Mid Year review Projected Outturn £000	Budget £000	Variance -under / over £000
East cost share	5,796	5,863	-67
West cost share	5,970	6,122	-152
Total Cost	11,766	11,985	-219

- 7.3 Overall this is an improved position on quarter 1 projections which suggested a total overspend of £208k.

8.0 Legal Implications

- 7.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which authorities will work together. Shared Service Agreements and Secondment Agreements set out the mechanisms by which individual Shared Services operate.

9.0 Risks

- 8.1 Each Shared Service is required to produce a Risk Register as part of the service Planning Process. This primarily focus on risks to operational delivery but where high level risks emerge these are escalated to the Joint Officer Board to consider inclusion on the Strategic Risk Register.

- 8.2 A review of the risks associated with the shared service arrangements has recently been undertaken. This suggests that capacity at both an operational and strategic level is an increasing risk to delivery. The top five risks emerging from a recent review of the Strategic Risk Register are included in Appendix 3.

10.0 Background

- 10.1 All Shared Services are underpinned by formal legal arrangements 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 has been assessed.
- 10.2 This report provides an overview of Shared Services performance and finances at the mid year point for 2013-14,

11.0 Mid Year Performance 2013-14

- 11.1 This performance report relates to the remaining long term Shared Services currently in place between CE and CWAC Councils. This includes:
- ICT and HR and Finance (combined from August 2013 but set to transition to SLE in April 2014)
 - Farms Estate
 - Emergency Planning
 - Occupational Health
 - Archives
 - Libraries Specialist Support
 - Rural Touring network
 - Archaeology Planning Advisory Service.
- 11.2 A summary of performance is contained in Appendix 1. This summarises performance against budget and performance indicators as set out in Shared Service Business Plans for 2013-14. A RAG rating (Red / Amber / Green) has been applied to provide a judgement of overall performance based on these two elements. This suggests that:
- Five services are rated as Green (performing well)
 - Three services are rated as Amber (mixed performance)

This is an improvement on the 2012-13 outturn position.

- 11.3 As far as possible each service have provided comparative performance against annual targets and the previous year's performance
- 11.4 It should be noted that this is the first time that a statement on overall performance has been produced for the Shared Services at the mid year point. This effectively demonstrates a continuing commitment to improving the Shared Services performance management framework and the frequency of reporting in this area.

12.0 Mid Year Financial Performance

- 12.1 The financial position for each of the Shared Services is contained in Appendix 1 but is summarised below.
- 12.2 **ICT** – The ICT underspend has reduced since First Review and is projecting an overall underspend of £23k compared with an underspend of £106k (after remedial action) at first review. The change is due to additional costs associated with the personal workset update and estimated income from schools is less than previously expected.
- 12.3 The shared service is forecasting an underspend of £91k in CWAC and an overspend of £69k in CE. Discussions are still ongoing between CE & CWAC about the funding for the additional project hours but it has been assumed, within the reported variances, that the project work will be fully recovered.
- 12.4 **Farms** – The Farms Shared Service are currently forecasting a total underspend of £250k. This is due to lower than expected farm maintenance costs in both CE and CWAC.
- 12.5 **HR and Finance** – The HR and Finance Service are currently projecting an overall overspend of £20k at mid year review compared with a £54k overspend at first review.
- 12.6 **Occupational Health** – This service is projecting an underspend of £33k at mid year review. This is due to vacancy management in order to meet a 2014-15 policy option.
- 12.7 **Archives** – The service is projecting an overspend of £37k which is mainly due to the CE share of a feasibility study and a £12k variance on other budgets.
- 12.8 **Libraries** – Libraries are currently forecasting an overspend of £33k compared with £23k at First Review this is mainly due to voluntary redundancy costs.
- 12.9 **Emergency Planning** – The shared service is currently forecasting a small £4k underspend at mid year review. This is a result of a current vacancy in the structure which has not yet been appointed to.
- 12.10 **Rural Touring Network and Archaeological Planning and Advisory Services** – both forecast to be balanced.
- 12.13 Overall the financial position for each Council at the mid year point can be summarised as follows:

Cheshire East

Within CE, at mid year review there is a total projected underspend of £67k compared with an overspend of £0.169m at first review (before proposed remedial measures). The projected underspend relates largely to a reduction in the ICT overspend from £0.289m to £69k. The overspend in HR and Finance has reduced from £31k to £14k. Archives (£37k) and Libraries (£10k) are forecasting the same level of overspend as that reported at first review. These

overspends are reduced by the forecast underspends within Farms (£0.177m) due to lower maintenance costs and Occupational Health (£18k).

Cheshire West and Chester

The overall shared service projected outturn at mid year review is a £0.152m underspend compared with a £39k overspend at first review. As with Cheshire East, the forecast overspend within ICT shared service at first review (£0.129m) has reduced significantly to a £91k underspend. The overspend in HR and Finance has reduced from £23k to £6k and Libraries Shared Services overspend has increased from £13k to £23k due to redundancy settlements. These overspends are reduced by the forecast underspends within Farms (£73k) due to lower maintenance costs and Occupational Health (£14k).

13 Conclusion

- 13.1 The overall approach to in-year performance reporting is improving as it now takes into account both financial and non-financial performance. This is largely down to the ability to focus on just eight Shared Services which are set to remain for the longer term. It will be important to ensure that this discipline is maintained and continues to improve in the future particularly where Shared Services will transition onto a more commercial footing from 1 April 2014 e.g. CoSocius – the new company which will include for ICT and HR and Finance Shared Services.
- 14.2 In many areas the measures used to monitor performance have stabilised but in others there appears to be some difficulty in developing a suite of PIs that provide a clear picture of performance. This issue needs to be addressed so that the indicators used provide an accurate view of delivery and enable the services and clients to compare performance and continue to improve the quality of management information.
- 14.2 At the mid year point the number of Shared Services receiving a Green RAG rating increased from three at the 2012-13 Outturn position to five. (This takes account of the recent merger of the ICT Shared Service and the HR and Finance Shared Service). This reflects improved performance against budget and the potential to delivery against annual performance targets. It is anticipated that where services have been rated as Amber mitigating action to address budgetary issues will move these to a more positive position by year end. However capacity still remains a risk to delivery in some areas and this could have an adverse impact on performance outcomes before the end of the financial year.

15.0 Access to Information

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

Officer: Peter Bates, Chief Operating Officer – Cheshire East Council/
Julie Gill, Director of Resources – Cheshire West & Chester Council
Tel No: 01270 686013 / 01244 977830
Email: peterbates@cheshireeast.gov.uk Julie.gill@cheshirewestandchester.gov.uk

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 – 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 Shared Services Joint Committee Report – 22nd February 2013
Cheshire Shared Services Joint Committee Report – 22nd March 2013
Cheshire Shared Services Joint Committee Report – 22nd March 2013
Cheshire Shared Services Joint Committee Report – 26th April 2013
Cheshire Shared Services Joint Committee Report – 28th June 2013
Cheshire Shared Services Joint Committee Report – 26th July 2013
Cheshire Shared Services Joint Committee Report – 13th September 2013

Documents are available for inspection at:

Cheshire East Democratic Services
Westfields
Middlewich Road
Sandbach
CW11 1HZ

Cheshire West & Chester Democratic Services
HQ Building,
Nicholas Street,
Chester,
CH1 2NP