

# CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

## SHARED SERVICES JOINT COMMITTEE

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<b>Date of Meeting:</b>	28 March 2014
<b>Report of:</b>	Cheshire East – Chief Operating Officer Cheshire West & Chester – Director of Resources
<b>Subject/Title:</b>	The Future of Cheshire Shared Services

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### 1.0 Report Summary

- 1.1 At 1<sup>st</sup> April 2009, Cheshire East Council (CEC) and Cheshire West and Chester Council (CWAC) continued to share 32 services post LGR. These arrangements were set out in formal legal agreements supported by a robust governance framework which has overseen the majority of the shared services transition to alternative models of delivery. Today just seven shared services remain.
- 1.2 This report examines the successes and lessons arising from the shared arrangements to date which include significant financial efficiencies (circa £7 million) and staff reductions (220 FTE plus). It puts forward proposals for the remaining shared services, their on going governance and assesses if these arrangements will continue to meet the needs of both councils in the future or if other service delivery options need to be explored, and if so, when.

### 2.0 Recommendations

- 2.1 The report recommends that:
- (i) The proposed way forward for the remaining shared services (Appendix 2 but as summarised in Table 1, para 12.1) be agreed;
  - (ii) The reduced frequency (i.e. bi-,monthly) of Joint Officer Board and the Joint Committee meetings from 2014-15 onwards as set out in Appendix 4 be approved, and
  - (iii) The formal transfer of governance for the Emergency Planning Shared Service to the Joint Emergency Planning Liaison Board be agreed.

### 3.0 Reasons for Recommendations

- 3.1 The number of Shared Service arrangements between CEC and CWAC has reduced significantly over the past five years. The anticipated transfer of the ICT and HR and Finance Shared Services by 01 April 2014 should mean that the level of business being referred to Joint Officer Board (JOB) and Joint Committee will reduce and therefore the frequency of meetings can be reduced accordingly.
- 3.2 The Emergency Planning Shared Service falls under the remit of the Joint Committee however its response activity falls under the remit of the Joint Emergency Planning Liaison Board (JEPLB), a body consisting of officers and

executive Members from both Councils. In effect there is a duplication of governance. In June 2013 the Joint Committee agreed a proposal to formally transfer the governance of the shared service to the JEPLB. This proposal was agreed by the JEPLB at their meeting on 28<sup>th</sup> February 2014.

#### **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 Not applicable.

#### **6.0 Policy Implications**

6.1 None.

#### **7.0 Financial Implications**

7.1 There are no direct financial implications arising from the recommendations however if applied Officers and Members will spend less time in preparing for and attending meetings and there should be some savings linked to reduced expenses claims associated with travel and attendance allowances.

#### **8.0 Legal Implications**

8.1 The Administrative Agreement sets out the overall arrangements in relation to the manner in which the sharing Authorities work together. The Shared Service Agreement sets out the governance mechanisms by which the JOB and Joint Committee operate. Schedule 1 of the agreement sets out the constitution of the Joint Committee and sets the frequency of meetings as every two months.

8.2 Over the past three years the level of activity on shared service issues was sufficient to increase the frequency of Joint committee meetings to monthly. However, given that business is now likely to reduce it is proposed that the frequency of Joint Committee meetings reverts to bi-monthly. In the event that there is insufficient business to warrant a meeting the Joint committee will be cancelled.

8.3 A proposed schedule of meetings for the 2014/15 democratic year is contained in Appendix 4.

#### **9.0 Risk Management**

9.1 There is a risk that if the frequency of JOB and Joint Committee meetings is reduced this might delay formal decisions regarding the strategic operation of the remaining shared services. There is currently no procedure for dealing with matters of urgency other than through each of the individual Council's Procedural Rules. In the event of such a situation arising it is proposed that due consideration will be given to the issue in consultation with the Section

151 Officers and the Legal Officers from each Council to agree the most appropriate course of action. This may involve consulting with the Chairman and Vice Chairman and convening an additional meeting of the Joint Committee as appropriate dependent on the gravity of the situation to be resolved.

- 9.2 It is anticipated that operational issues will be dealt with through existing Client Liaison arrangements but in the event of any issue not being resolved to mutual satisfaction it will be raised at the earliest opportunity with the Joint Officer Board.

## **10.0 Background and Options**

- 10.1 The Local Government Review (LGR) of Cheshire saw the dissolution of seven district Councils and one County Council to be replaced by two new Unitary authorities – Cheshire East (CE) and Cheshire West and Chester (CWAC). In undertaking this change process there were sound business reasons to continue to deliver some services jointly whilst in other areas there was just insufficient time to disaggregate the activity ahead of vesting day.

- 10.2 At 1<sup>st</sup> April 2009, CE and CWAC continued to share 32 services post LGR. These arrangements were set out in formal legal agreements including:

- Administrative Agreement
- Financial Memorandum
- Individual Shared Service Agreements
- Individual Shared Service Secondment Agreements

- 10.3 From the outset a robust governance framework involving a Joint Committee and a Joint Officer Board was put in place to support the Shared Services and oversee their strategic operation (Appendix 1). Together these have provided the appropriate forums for key decisions, monitoring performance, resolving issues and overseeing transitions to alternative arrangements as and when this has been necessary. It is anticipated that the latest transition will see the ICT and HR and Finance Shared Services move to a separate legal entity – CoSocius, on 1 May 2014. After this just seven shared services remain.

## **11 Shared Service Performance**

- 11.1 Appendix 2 provides an overview of the original shared services with an indication of their current status and indicates where services have transitioned to alternative arrangements over the past 5 years.

- 11.2 In many ways CE and CWAC were ahead of the game in their sharing arrangements with other authorities only pursuing this option in later years in response to increasing austerity measures imposed by central government. Whilst it could be argued that this was a “marriage of convenience” rather than one of choice given that it was prompted by LGR it has on the whole been a relationship that has worked. The balanced nature of the Joint Committee (3 Executive Members from each Council) has provided some robust debate but in every case a consensus on the way forward across a broad range of issues

has been achieved thereby evidencing the benefit of executive powers being vested in this body.

11.3 At this stage it is appropriate to note some of the successes achieved by the sharing arrangements and to highlight some of the lessons learned along the way:

#### Successes:

- Circa £7 million efficiency savings secured
- Significant staffing reductions (220 plus) achieved across all areas through service review and remodelling
- No major service failures in initial transition and approximately 75% of major ICT incidents resolved within service target (CE 74.6%, CWAC 78.1%)
- Major Oracle upgrade implemented and operational across both councils and developments underway to support multiple ASDVs in both councils
- Co-location of Library, ICT and HR and Finance Shared Services achieved and associated efficiencies delivered
- Significant reduction in long term ICT contractors through service redesign and procurement of single supply partner delivering increased efficiency
- Long term ICTSS budget issues successfully addressed resulting in a positive budget position being achieved by 2012-13
- Successful separation and transition of high profile service areas e.g. Youth Offending Team, Emergency Duty Team, achieved without any service breakdown
- Ability to respond to differing client requirements evidenced e.g. Farms Estate, Emergency Planning
- Successful transition of Students Loan Shared Service to a new national Student Loan's Company
- The successful closure of the shared Cheshire Business Supplies on the grounds that the service was no longer viable
- Introduction of Budget Challenge to ensure that Shared Services contribute to efficiency savings requirements of both partners.
- Development of separate legal entity to increase commerciality and provide increased efficiency and potential income stream to CEC and CWAC (decision pending)
- Rigorous approach to periodic reviews to inform future delivery e.g. Archives, Occupational Health, Libraries, CBS Supplies
- Alternative staffing transfer arrangements put in place to maximise management efficiency in addressing staffing issues e.g. Libraries and Archaeology Planning Advise

#### Lessons

- Insufficient publicity about what CEC and CWAC achieved by sharing from the outset – other authorities have been more pro-active in this area and have received more plaudits thereby putting them in a better position to expand the share

- Sharing services requires a good level of openness and trust between partners and providers (officers and Members) – too much time can be spent discussing about who is getting what
- Shared Services need to have a higher profile in partner organisations to ensure that all managers understand their governance thereby preventing unilateral decisions regarding shared service staff and/or functions
- Minutes of Joint Committee meetings should be formally received by each partners executive body to increase awareness of issues and resolutions which are likely to impact on client services
- Shared Service governance needs to be properly supported and resourced by both partners to avoid the risk of imbalance and too much knowledge and experience being vested in one individual.
- A suitable mechanism needs to be put in place to enable the Joint Committee to make timely urgent decisions between formal meetings as and when the need arises e.g. dealing with VR situations

## **12 Review of Remaining Shared Services**

12.1 As already noted review activity is common place across the shared services to ensure that the service and delivery model remain fit for purpose and continue to meet the needs of both councils. A recent assessment of the remaining shared service has been undertaken which considers:

- the current arrangements and requirements for the future
- A high level evaluation of potential options for alternative delivery models (including amalgamation with another shared service)

Recommendations in each case are provided in the table below with full details contained in Appendix 3

**Table 1**

<b>SERVICE</b>	<b>RECOMMENDATION</b>
Occupational Health	That all options for future service delivery (i.e. joining an SLE, increased trading or potential outsource arrangement) be re-examined to determine the best way forward to be agreed by 1 June 2014 at the latest.
Farms Estate	To remain "as is" until 2016 when the position will be reviewed against progress on the implementation of CEC and CWAC's strategies for the Farms Estates.
Civil Protection and Emergency Planning	To remain "as is" and overall governance transfer to the JEPLB by 30 March 2014 at the latest
Libraries Specialist Support	To continue "as is" until 2015/16 when position will be reviewed again but ELS to be reviewed in the interim to assess benefits of alternative delivery models.
Archives and Local Studies	That the Shared Service continues "as is" until the future premises issue is clear (Autumn 2014) but staff transfer and management changes to be implemented in the interim with formal Agreements being amended accordingly.
Rural Touring Arts Network	Service continue "as is" unless a broader review of Cultural Services is commissioned by either authority when it will form part of the scope of that review

Archaeology Planning and Advisory Service	Develop in consultation (CWAC and CE) a revised arrangement (shared or otherwise) for the provision of Archaeological Planning advice and management of the HERS before 01.10.2014
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- 12.2 In each case the original reason for these becoming a shared service remains in that there are no real business benefits to be gained from splitting the function. As the Councils have matured service requirements in these areas have largely stayed the same but where these have diversified (e.g. Cheshire Farms Estate) the shared service has been able to continue to meet the needs of both clients.
- 12.3 All Shared Services are subject to regular performance monitoring by Client Managers and the Joint Officer Board (JOB) and Joint Committee and a robust approach to budget challenge has been adopted to ensure that they deliver efficiencies. Performance data suggests that all shared services are largely delivering to plan
- 12.4 There is some evidence that hosting a shared service is becoming problematic in terms of progressing internal changes e.g. CWAC's recent management review. The joint funding of the sharing arrangement means that although the Shared Service Manager is employed by one partner they are equally responsible to both partners. The nature of this relationship is set out in the Shared Service Governance Framework (Appendix 1). In effect this means that there should be joint consultation on any issue impacting on the Shared Services and its ability to deliver services to either partner. Consequently this restricts independent actions by any party.
- 12.5 Both Councils are currently pursuing commissioning models which will see many services move to alternative delivery vehicles (wholly owned companies, Trusts etc.). On the Shared Services front it is anticipated that ICT and HR and Finance will transition to a separate legal entity – CoSocius, in April /May 2014. It is possible that other shared services could be transitioned into this vehicle e.g. OHU, but it is considered that a full impact assessment on both parties and from the perspective of both clients, is required before any such development is progressed.
- 12.6 There may also be opportunities to reduce overheads in the shared service families by amalgamating similar services e.g. LSS, Archives and RTA into a cultural shared service. Such an arrangement could reduce management and support costs but could potentially have a negative impact on the level of professional support available to clients.
- 12.7 It is suggested that current shared services and the opportunity for potential future sharing should be kept under review.

### **13 Review of Shared Service Governance Framework**

- 13.1 Given that Shared Services is now a much smaller operation it is also timely to review the governance framework to ensure that this remains appropriate to future needs.

- 13.2 The governance framework underpinning the shared services has worked well over the past 5 years (Appendix 4). In practice this has been quite flexible allowing changes in format and meeting frequency as appropriate to business need. This was last reviewed in June 2012 when changes were made to the JOB to facilitate early client / provider issues relating to the development of the ICT and HR and Finance SLE. The arrangements were changed again in 2013 as this moved into formal programme delivery mode.
- 13.3 It is testimony to all those involved that the shared service operation has been managed by consensus between the two Councils with issues being worked through by the JOB and /or Joint Committee. However given the reduction in operation it is perhaps timely to scale back the governance to ensure that it remains appropriate to the continuing shared services.
- 13.4 It is proposed that when / if the transition of CoSocius has been achieved that JOB and the Joint Committee meet quarterly to oversee business appertaining to the remaining Shared Services. Business will include Service planning, performance monitoring and an overview of review activity to inform future developments. Both parties will continue to agree any VR costs arising in the Shared Service in line with legal agreements but given the reduced frequency of meetings it might be appropriate to introduce a procedure to resolve any urgent issues in the intervening period. The meetings between the two bodies will be staggered to provide for the appropriate flow of business and where urgent matters arise these will be dealt with in consultation with the Section 151 Officers and the Chairman and Vice Chairman of the Joint Committee.

## **14.0 Conclusion**

- 14.1 The Shared Service arrangements between CE and CWAC Councils have reduced considerably since they were put in place almost five years ago. For those that have remained longer term it is evident that these have delivered benefits in terms of cashable and non cashable savings. In those that remain it is evident that a shared solution is still the best option whilst fundamental issues concerning future service delivery are worked through to a satisfactory conclusion for both partners. Moving forward it is considered that governance arrangements should be scaled back as appropriate to the ongoing shared service operation.

## **15.0 Access to Information**

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 – 7<sup>th</sup> 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 – 15<sup>th</sup> October 2009*  
*Cheshire East Cabinet Report – Shared Services – 3<sup>rd</sup> March 2009*  
*Cheshire West and Chester Executive Report – Shared Services – 18<sup>th</sup> March 2009*  
*Cheshire East Cabinet Report – Shared Services – 23<sup>rd</sup> March 2009*  
*Cheshire Shared Services Joint Committee Report – 10<sup>th</sup> June 2009*  
*Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> July 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> October 2009*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> November 2009*  
*Cheshire Shared Services Joint Committee Report – 3<sup>rd</sup> February 2010*  
*Cheshire Shared Services Joint Committee Report – 12<sup>th</sup> March 2010*  
*Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> March 2010*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> May 2010*  
*Cheshire Shared Services Joint Committee Report – 16<sup>th</sup> 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 – 26<sup>th</sup> November 2010*  
*Cheshire Shared Services Joint Committee Report – 7<sup>th</sup> January 2011*  
*Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> February 2011*  
*Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> March 2011*  
*Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> July 2011*  
*Cheshire Shared Services Joint Committee Report – 30<sup>th</sup> September 2011*  
*Cheshire Shared Services Joint Committee Report – 25<sup>th</sup> November 2011*  
*Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> January 2012*  
*Cheshire Shared Services Joint Committee Report – 24 February 2012*  
*Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> April 2012*  
*Cheshire Shared Services Joint Committee Report – 18<sup>th</sup> May 2012*  
*Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> June 2012*  
*Cheshire Shared Services Joint Committee Report – 27<sup>th</sup> July 2012*  
*Cheshire Shared Services Joint Committee Report – 31<sup>st</sup> August 2012*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> September 2012*  
*Cheshire Shared Services Joint Committee Report – 11<sup>th</sup> November 2013*  
*Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> February 2013*  
*Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> March 2013*  
*Cheshire Shared Services Joint Committee Report – 22<sup>nd</sup> March 2013*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> April 2013*  
*Cheshire Shared Services Joint Committee Report – 28<sup>th</sup> June 2013*  
*Cheshire Shared Services Joint Committee Report – 26<sup>th</sup> July 2013*  
*Cheshire Shared Services Joint Committee Report – 13<sup>th</sup> September 2013*  
*Cheshire Shared Services Joint Committee Report – 29<sup>th</sup> November 2013*

*Documents are available for inspection at:*

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