

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	22 January 2016
Report of:	Mark Wynn – Director of Finance, Cheshire West and Chester Peter Bates – Chief Operating Officer, Cheshire East
Subject/Title:	Update on the implementation of shared service arrangements to provide ICT, HR and Finance services to both authorities.

1.0 Report Summary

- 1.1 The purpose of this report is to update Members on the progress made in regards to the mobilisation of the programme of work required to deliver the:
- Establishment of a Shared Service for the delivery of ICT to be hosted by Cheshire East
 - Establishment of a Shared Service for the delivery of HR & Finance hosted by Cheshire West and Chester

2.0 Decisions Requested

- 2.1 Members are requested to note the progress in the mobilisation of the programme of work needed to establish the two shared services.

3.0 Report Background

- 3.1 This report gives an update on the progress of the programme since the last Joint Committee when it was decided that Cheshire West and Chester Council and Cheshire East Council will to revert to a shared service arrangement to provide ICT, HR and Finance services to both authorities by the beginning of April 2016.
- 3.2 The work required to achieve the desired outcome is challenging particularly given the scale and complexity of the services involved. Both services have a fundamental role in supporting and enabling the delivery of critical services to residents and businesses across Cheshire and therefore there needs to be minimal disruption throughout the transitional period. It is also vital to ensure that the revised shared operations not only provide effective services to Cheshire communities but also represent value for money.
- 3.3 Consequently a fortnightly Joint Programme Board has been established Chaired by the respective S151 Officers, the Programme Board is made up of

Workstream Leads who represent the key areas of activity within the programme.

3.4 The Board are responsible for managing and leading the delivery of the programme and good progress is being made across all areas particularly HR where timely employee engagement activity has been vital.

3.5 Resources have been mobilised to support the Workstream leads in the guise of overall Programme Management expertise, Project Management support aligned to each of the Workstreams and a Programme Management Office to help manage the interdependencies between the Workstreams.

3.6 Key Milestones for Day One of the programme include:

- TUPE Transfer date of 1st April (Day One)
- Agreed day one structure, cost sharing and contractual commitment in place for Day One

Key Milestones for Post Day One include:

- A transition period from April 16 to October 16 to embed target operating models for the two shared services.
- A programme of transformational work will be undertaken within the two Shared Services to ensure service delivery is aligned to the future expectations of the two authorities. This will be linked to the outcomes of the fundamental service reviews being undertaken and reported into this Committee.

4.0 KEY PROGRAMME OBJECTIVES AND PROGRESS TO DATE

4.1 The following key objectives were approved at the first Programme Board Meeting to shape the focus, prioritisation and delivery of the programme of work:

- Cease trading and operations as CoSocius Ltd
- Transfer ICT delivery to Cheshire East hosting (Shared Service)
- Transfer Transactional Services delivery to Cheshire West hosting (Shared Service)
- Maintain service delivery throughout transition
- New Shared Service arrangements will begin with a 6 month period of transition from April 2016, followed by a further 18 months of transformation

4.2 To enable the delivery of the new Shared Services for Day One the following progress has been made within the key workstreams of the programme:

4.3 HR

- Board and Trade Union agreement that formal TUPE Transfer of employees into new host organisations to take place on 1st April 2016.
- Principles of disaggregation to inform TUPE lists agreed by board and Trade Unions.
- Changes to contractual and non-contractual measures agreed by board and Trade Unions.

- CoSocius and employees issued with letters notifying of TUPE transfer and conditions of disaggregation
- Staff engagement activity progressing at pace with initial communications, floor walks, FAQs and drop in sessions held.
- Welcome events hosted by the Chief Executives and Section 151 officers of both councils for all affected employees delivered.

4.3.2 Finance

- Due diligence process underway to understand financial position of company and action required prior to entering dormancy.
- Collation of programme costs associated with transition of company to two shared services progressing.
- Costing of day one operating models for the two shared services and affordability assessment started.

4.3.3 Legal and Governance

- Legal tasks associated with making CoSocius dormant and setting up new/amended Shared Services have been identified and are being progressed.
- Interim governance arrangements for transition agreed by board and CoSocius and implemented
- Initial scoping of inputs and instructions to develop required contracts underway.

4.3.4 Business Continuity

- Company-only related activities reviewed and ceased or redefined to free resources to support the transfer programme.
- Management of on-going key programmes, staff resources, and the provision of information/support to both hosting Councils in place including the support of shadow management structures from 1st Jan 2016.
- Work to enable company to enter dormancy underway including; system and procedural changes for Day One, making online presences dormant, scoping disaggregation of data held by the company, soft wind-down of company branding. Programme Board agreement that commercial opportunities will be progressed / stopped on a case by case basis during transition period being applied.

4.3.5 Development of the ICT Shared Service and Transactional Shared Services

- Board agreement to day one structures for ICT shared services and Transactional shared services.
- Shadow management arrangements agreed for transition period.
- Workshop delivered to agree core principles for the two Shared Services.
- Agreement that ICT service review activity (as reported elsewhere on the Agenda) will align with this workstream to inform the Shared Services hosting arrangements whilst remaining independent of final delivery.

5.0 Next Steps

- 5.1 Given the scale and complexity of transitioning ICT and Transactional services and the ambitious timescales involved the Programme Board are committed to meet fortnightly with the Project Managers meeting in the alternate weeks. This frequency of meetings and level of resources is required to ensure delivery of the programme for Day One. Progress on delivery of the plan will therefore continue at pace.
- 5.2 Communications with all affected staff to inform of TUPE Transfer process, future employer and associated terms and conditions will continue in line with agreed communication plan. This activity will be paramount to achieving a Day 1 transfer of staff.
- 5.3 Further to agreement of core principles for establishing two shared services, detailed work will be undertaken to understand and work through practicalities and key issues for the disaggregation.
- 5.4 Instruction and input into development of key contractual agreements will continue, including development of Scope, Specifications, Performance Management Frameworks and Shared Services Agreements for both Cheshire East and CWaC for ICT and Transactional services.

6.0 Wards affected

- 6.1 None.

7.0 Policy implications

- 7.1 None.

8.0 Financial Implications

- 8.1 As a result of transferring all current activity from CoSocius to the two Councils and placing CoSocius into a dormant position there will be a need to return the company to a financially solvent position at 31 March 2016. This will require financial support from both Councils to address the companies reported loss for 2014-15 (£0.8m). Both Councils will continue to work closely with CoSocius over the remainder of the year to deliver value for money from their operations and mitigate any further financial loss in 2015-16.

9.0 Legal Implications

- 9.1 Instructions are being sought in relation to updating the administrative agreement and service agreements. A draft asset transfer agreement has been prepared. Assets and liabilities are being tracked and transfer outcomes reviewed. The contract review is ongoing and principles in relation to novation are being discussed. Commissioners and suppliers will be notified.
- 9.2 Interim governance arrangements have been established. The terms of reference for the committee are being reviewed to ensure the future roles of commissioner, provider and contract manager can be accommodated in relation

to the ICT and Finance/HR services while still serving the existing shared services.

9.3 The buyback arrangements are being discussed and once agreed by the Board changes will be documented.

9.4 The surrender of the relevant leases and licences is progressing.

9.5 The status of the company at Companies House will be changed from active to dormant.

10.0 Risk management

10.1 Programme risks are being identified and reported as necessary to the Programme Board via the Workstream leads who are maintaining Workstream level Risk Logs. The Programme Board will escalate any significant risks to the Committee as appropriate during the course of the programme.

10.2 Key programme risks currently being mitigated by the board are:

Risk	Mitigating Action
Significant key activity scheduled in January - any slippage in January delivery has the potential to push back readiness for 1 April.	Key activity and owners identified. Detailed activity managed at project Team. Mechanisms in place to escalate issues. Close oversight by Programme Board.
Inherited cost base for Councils may not be affordable within existing budgets due to cost pressures experienced by CoSocius	Review underway to confirm cost base in keeping with Day 1 structures
Cost of returning company to a solvent position before it enters dormancy likely to be higher than anticipated due to 2014-15 deficits and transition costs.	Due diligence to be undertaken to understand position and identify any appropriate remedial actions.

11.0 Access to Information

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

: Peter Bates / Mark Wynn

: Cheshire East – Chief Operating Officer / Cheshire West and Chester – Head of Finance

Tel No: 01270 686013 / 01244 977830

Email: peterbates@cheshireeast.gov.uk / markwynn@cheshirewestandchester.gov.uk