

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

: SHARED SERVICE JOINT COMMITTEE

Date of Meeting: 20 May 2016
Report of: Cheshire East – Chief Operating Officer
Cheshire West and Chester – Director of Finance
Subject/Title: Shared Services Performance Outturn 2015-16 and
Business Plan Review 2016-20

1.0 Report Summary

- 1.1 This report provides a summary of the outturn position for the Shared Service arrangements between Cheshire East Council (CE) and Cheshire West and Chester Council (CWaC). As such it includes both indicative financial and actual non-financial performance over the period 2015-16.
- 1.2 The report indicates that there has been a general improvement in terms of both financial and non-financial performance. Six Shared Services have been rated as “Green” in terms of their overall performance with one (OHU) maintaining its “Amber” rating. However this represents an improvement on the position forecast at mid-year. For the fifth year running the aggregated Shared Services are reporting an underspend against budgets.
- 1.3 All Shared Service business plans have been fundamentally reviewed within a timeframe of 1 to four years and will be subject to annual review. Key activity to be undertaken is highlighted in the report with a more detailed overview including 2015-16 performance is contained in Appendix 1.

2.0 Decision Requested

- 2.1 Recommended that the
 - ii. The Shared Services outturn performance for 2015 -16 be noted, and;
 - iii. The Shared Service Business Plans for 2016 onwards be noted.

3.0 Reasons for Recommendations

- 3.1 The Shared Services Administrative Agreement makes provision for the Joint Committee to receive outturn reports based on the information and measures contained in Shared Service Business Plans.
- 3.2 The Shared Services Performance Management Framework (PMF) has been developed on the basis of Business Plans 2013-16. As is currently stands it provides a good degree of rigour to regular business planning and performance monitoring with detailed reports being produced at mid year and

outturn but this will be reviewed to ensure that align it with new Business Plans and accurately reflects current activity.

4.0 Wards Affected

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

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including

- 6.1 None.

7.0 Financial Implications

- 7.1 The timing of this report is such that it precedes formal financial outturn reporting in either Council and therefore all figures are to be treated as indicative at this point. In the event that there are any changes in financial performance these will be reported to the next scheduled Joint Committee meeting in July 2016.
- 7.2 In 2013 three year business plans were produced for the remaining shared services to cover the period 2013 to 2016. Summaries of these plans were noted by the Joint Committee in June 2013. These have since been subject to annual review to ensure that they remain relevant and continue to meet the changing needs of each client.
- 7.2 At the 2015-16 outturn Shared Services are reporting an indicative aggregated underspend of £91k. High level details of this position are provided below with a full breakdown of the financial position reported in paragraphs 12 to 15 and further details contained in Appendices 1 and 2. This is an improvement on the 2015-16 mid year point when an aggregated overspend of £44k was anticipated.

2015-16	Outturn £000	Budget £000	Variance -Under / Over £000
East cost	970	988	-18
West cost	835	908	-73
Total Cost	1,805	1,896	-91

- 7.3 **Cheshire East** - Within CE, there is a total underspend of £18k which relates to the underspends within Farms (£16k) and Archives (£17k) offset by overspends in Emergency Planning (£9k) and Occupational Health (£6k).

7.4 **Cheshire West and Chester** - The overall outturn position is an underspend of £73k which relates to underspends within Farms (£12k) and Emergency Planning (£5k) offset by overspends within Archives (£19k) and Occupational Health (£12k). In addition, there are underspends within the Libraries and Archaeology Planning Advisory Service Joint arrangement service of £86k.

7.5 Due to the reduced number of shared services and the level of budgets for these services, the Joint Committee agreed that finance updates are only reported twice yearly at Mid-Year and at Outturn, along with the performance measures. Therefore it is anticipated that the next finance update to the Joint Committee will be the Mid Year report around November 2016. However this report will also include the mid year financial position for the recently returned ICT and Transactional shared services. In the event of any financial issues arising in the interim these will be reported at the earliest opportunity.

8.0 Legal Implications

8.1 The Shared Services Administrative Agreement sets out the overall arrangements in relation to the manner in which the sharing Authorities will work together. This Agreement has recently been refreshed in light of the ICT and Transactional services formerly provided by CoSocius Limited, returning to shared arrangements on 01 April 2016. Individual Shared Service Agreements require that Business Plans are regularly refreshed to ensure that they continue to meet the needs of both authorities going forward and that performance is reported on a regular basis. Business Plans are currently reviewed annually with performance being reported at the mid-year and outturn points.

9.0 Risk Management

9.1 The Shared Service Business Planning process requires that all Managers undertake a risk assessment in developing business plans. The Risk Register that this produces is reviewed at mid year and outturn to ensure that it remains relevant to ongoing service delivery. Any high level risks arising from this process will be considered by the Joint Officer Board to assess if they need to be recorded on the Shared Service Strategic Risk Register.

9.2 Fundamentally there is a risk that the plans for each service do not deliver the required outcome for each Council with regard to meeting the operational and financial expectations of both authorities. This will be monitored by the Joint Officer Board and escalated to the Joint Committee if appropriate.

10.0 Background and Options

10.1 All Shared Services arrangements are underpinned by formal legal agreements 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 is currently assessed.

10.2 In October 2015 a report proposing the future direction of travel for the then remaining seven shared services was endorsed by the Joint Committee

thereby setting the context for delivery going forward. Since then Service Managers have been developing their Business Plans for the medium term with the exception of OHU where alternative arrangements for the delivery of this services are currently being considered.

- 10.4 The planning timeframe covers April 2016 to March 2020 to align with the councils' Medium Term Financial Strategies although in reality the plans will be subject to annual review to ensure that they remain current and respond to requirements of the latest Comprehensive Spending Reviews. Any changes will be reported as part of the annual Outturn Performance Report
- 10.5 Initial Business Plans for ICT and Transactional Shared Services have been developed for the period 1 April to 30 September 2016 as part of the new Legal agreements. During this time more substantial longer term plans will be developed in consultation with clients to drive transformation in service delivery up until April 2018 when the arrangements are due to be reviewed. These Plans will be shared with the Joint Committee in due course.
- 10.6 This report provides a summary of the Shared Services outturn performance for 2015-16 and revised business plans for 2016 onwards. Appendix 1 provides a more detailed overview of performance and business activity. Full copies of the new Business Plans 2016-20 for each shared service will be available at the meeting.

11.0 Performance Outturn 2015-16

- 11.1 This report summarises the outturn position for 2015-16 for the current formal Shared Services arrangements between CE and CWaC Councils.
- 11.2 Currently there are seven remaining Shared Services (six CWAC-hosted, one CE-hosted). Four are shared services where total costs are split against an agreed % cost share agreement as set out in formative Legal Agreements:

- Farms
- Occupational Health Unit (OHU)
- Archives
- Civil Protection – Emergency Planning

The remaining three of the services are subject to revised joint arrangement services where CE pay a fixed contribution to CWAC:

- Rural Touring Network (Grant funded)
- Archaeological Planning and Advisory Services (Transfer Agreement)
- Libraries (Transfer Agreement)

- 11.2 The table below provides headline indicator for overall performance for each of the above. This is based on progress against service objectives, performance against budget and national and local indicators as set out in Shared Service Business Plans for 2015-16. Current performance is set

against historic performance to provide an indication of direction of travel for each shared service.

- 11.3 An assessment of improvement against baseline performance (where available) and targets, has been made to provide an indication of the direction of travel for each indicator. A RAG rating (Red / Amber / Green) has been applied to provide a judgement of overall performance based on these two elements. This suggests that six of the remaining shared services are performing well (Green) with one – OHU, maintaining an Amber rating i.e. mixed performance. This is an improvement on the mid-year point when a slightly less favourable position was reported, as outlined below:

Table 1

SERVICE		Overall Rating 2012-13	Overall Rating 2013-14	Overall Rating 2014-15	Mid Year 2015-16	Outturn Rating 2015-16
A03	Farms Estate	G	A	G	G	G
A04	Emergency Planning	A	G	G	A	G
A05	Occupational Health Unit	A	A	A	A	A
A06	Archives and Local Studies	A	G	G	G	G
A08	Libraries Specialist Support	A	G	G	G	G
A14	Rural Touring Arts	G	G	G	G	G
B14	Archaeology Planning Advisory Service	A	G	G	G	G

- 11.3 As far as possible each service have provided comparative performance against annual targets and the previous year's performance together with improvement targets for the current and following year.
- 11.4 It is acknowledged that the performance management framework (PMF) surrounding Shared Services could be more sophisticated than it currently is however any effort and resource to do this needs to be balanced against the potential benefits that this might deliver particularly given the overall reduction in Shared Service arrangements.
- 11.5 It is considered that as it stands the PMF is sufficiently robust for the current shared operation in that it provides for a regular assurance that services are being delivered to plan and performance targets are being met. However in future this will need to take account of ICT and Transactional Shared Service activity to ensure that this is adequately monitored.
- 11.6 A detailed summary of current performance for each of the above is contained in Appendix 1 and Appendix 2 with a brief summary of each shared service provided below.

12.0 Farms Estate

Outturn Position: £29k under

- 12.1 The focus for this Shared Service is the delivery of the “management” function for each Farms Estate following the strategy for each Council approved in late 2011 / early 2012.

- 12.2 In Cheshire East performance has exceeded the overall net revenue target, tenancy changes / activity in year has been significant, contributing positively to estate reorganisation targets and similarly pre-disposal planning consultancy in maximising disposal values albeit underachieved due to planning complications.
- 12.3 In Cheshire West and Chester performance has exceeded the overall net revenue target although banked capital receipts are less than originally profiled due to delays in securing possession of one property and contract completions due to legal complications.
- 12.4 Overall, the budget position for each authority for the management of the service shows a net underspend due to a vacancy.
- 12.5 Looking forward the Service will continue to focus on the delivery of each Council's Farms Estate Strategy from within a shared service model. For CWaC this will be managing the estate to cessation of the service over the long term delivering capital receipts and in CE this will be on improving both operational and financial performance via a physical restructuring of the Estate, rationalisation to improve long term viability, reinvestment of capital receipts to improve the quality of offer and utilising the available land asset to contribute to the wider objectives of the Council.

13.0 Emergency Planning Outturn Position: £4k over

- 13.1 The Service has responded to 19 incidents (7 in CE and 12 in CWaC) in 2015-16 including 6 Major Incidents and 7 Major Incident Standbys. These have included the explosion and fire at the Bosley Wood Flour Mill, several closures of the M56 and M6, a plane crash at CarFest, a heatwave, a power outage in Chester, and flooding in Farndon. The team has also been heavily involved in the CWaC response to Operations Mostar and Nominations, as well as a multi-agency anti-slavery operation in March 2016. The team was one of several who won the Management Group Board Community Impact Award 2015 at the Cheshire East Council 'Making a Difference' awards in December 2015 for the team's work in responding to the Bosley Wood Flour Mill - Major Incident.
- 13.2 The Service has implemented a series of 7 Emergency Management Workshops (2 in CWaC and 5 in CE) with a total of 39 managers attending from both authorities. In addition a series of 4 Introduction to Emergency Planning Workshops were implemented across both authorities to increase awareness of emergency procedures at an operational level. All events have produced excellent feedback.
- 13.3 Statutory obligations concerning Industrial Hazard Planning have been met involving 17 top-tier COMAH sites, 1 REPIR facility and over 600kms of Major Accident Hazard Pipeline. All COMAH, REPIR and PSR Plans have been uploaded onto Resilience Direct to make them easily accessible to partners.
- 13.4 The year end position is an overspend of £4k. This is due to Cheshire East accommodation costs of £12k being charged directly to the service resulting

in a Cheshire East outturn of £9k overspend. The Cheshire West position is a £5k underspend.

14.0 Occupational Health Outturn Position: £18k over

- 14.1 The overspend in OHU is due to reduced income from schools and external companies. This is an improved position on mid year when the overspend was anticipated to be £30k. This is mainly due to staff vacancies in the team during the last quarter of the year.
- 14.2 A procurement exercise is currently underway to identify potential alternative providers for OHU services and a potential new supplier has been identified subject to Joint Committee approval and approval within Cheshire East and Cheshire West and Chester governance procedures. It appears that the cost of the service will be slightly higher than at present, however with the potential for further losses of customers if the current occupational health service continues, the costs to each council will continue to rise.
- 14.3 Performance measures suggest that 2015 / 16 has been a difficult year, but the service has been delivered to the 2 councils plus schools and external customers in line with expectations.

15.0 Archives and Local Studies Outturn Position: £2k under

- 15.1 In 2015-16 the key focus for the Service continued to be the Archives Accommodation Project which in the absence of any approved resolution was fundamental to the successful reaccreditation of the Service by the National Archive in that it evidenced a clear direction of travel towards securing new premises in the medium term. There has been an increase in the number people using the Service and efforts to increase and improve outreach activity continue although the number of website visits has reduced. However this can largely be attributed to a fall in visits to partner websites although ratings on the content of the site have improved.
- 15.2 The overall financial outturn is a small underspend however the variances in each authority are due to an imbalance of budgets between CE and CWaC which is currently being resolved.
- 15.3 Looking forward the Service will continue to ensure that the Councils meet their statutory obligations for the archives in their care with the focus for the foreseeable future being on developing proposals to secure funding for service transformation. This will predominantly focus on securing improved accommodation but will also include initiatives to improve IT provision, improve provision in local libraries and increase outreach activity to showcase collections to communities around the county in an effort to bring these closer to people.

16.0 Joint Arrangement services

- 16.1 Since their inception some shared service arrangements have developed and have been replaced by "joint arrangement" services whereby CE pay a fixed contribution to CWaC for the services received. Such arrangements apply to Libraries SS, the Archaeology Planning Advisory Service and the Rural Touring Network. The aggregated financial position for the Joint Arrangement (shared) services is a £86k underspend.

16.2 Libraries Shared Service

16.2.1 In 2015-16 the Libraries Shared Service successfully completed the implementation and bedding in of new management systems in both front line library services and the Education Library Service which has improved service delivery in all areas. Buyback from schools has been maintained and income has increased. Inter-lending response times have improved but the target set for 2015-16 proved to be overly ambitious.

16.2.2 The Libraries Shared Service is underspent in CWaC (£80k) due to increased buyback from schools for Education Library Service (ELS), carry forward of contribution to a new ELS mobile library plus in-year vacancy management as a result of delays in recruitment to posts.

16.2.3 Looking forward a key area of activity will be the renegotiation the service level agreement with Cheshire East which expires in March 2017. Other objectives will be the procurement and implementation of efficient stock contracts in a challenging book supply market and improving the uptake of the Education Library Service whilst maintaining service delivery to frontline libraries across both boroughs.

16.3 Archaeology Planning Advisory Service (APAS)

16.3.1 At the beginning of 2015-16 APAS was incorporated within the CWaC Total Environment Service area but continued to provide services to CE through the renewal of existing shared arrangements based on a fixed fee and subject to annual review. Performance levels have been maintained throughout this period and there is a small underspend in CWaC resulting from vacancy management.

16.3.2 The annual nature of service agreements reduces the planning timeframe for this Shared Service. Priorities from APAS in the coming year include maintaining provision of core services whilst continuing to review the potential for a more resilient delivery model going forward.

16.4 Rural Touring Network

16.4.1 At the mid year point the Rural Touring Arts Network was delivering to plan with audience ratings and efforts to increase promotional activity via social media already above target. However recent staffing changes have delayed the production of outturn data but there is no reason to suggest that performance will have deteriorated in the interim. The outturn financial position is balanced and therefore an indicative green rating has been applied to the RTA for 2015-16. This indicative position will be confirmed at the next mid year review.

17.0 New Sharing Arrangements: ICT and Transactional Shared Service

17.1 Up until March 2016 the provision of ICT and Transactional services to CE and CWaC were provided by the jointly owned company CoSocius Limited. However following this Committee's decision to dissolve CoSocius both of these services have been brought back in house. The revised sharing

arrangements see the ICT Shared Service being hosted by CE whilst the Transactional Shared Service is hosted by CWaC.

- 17.2 Both Services have produced high level business plans to guide service delivery during the transitional period – April to September 2016, and these are attached in Appendix 3 and 4. However a key output of the transitional activity will be the development of Strategic Business Plans for both ICT and Transactional Shared Services aligned with the development of the new Target Operating Models and setting out the scope of activity; efficiency measures; income/savings target; key success measures; and commercial direction beyond October 2016.
- 17.3 It is anticipated that ICT Shared Services and Transactional Shared Service Strategic Business Plans will be brought to the Joint Committee for endorsement in the autumn.

18 Conclusion

- 18.1 Performance ratings have been maintained across the remaining Shared Services in 2015-16 with six receiving a Green RAG rating and just one Amber rating. Budget performance has improved across the board from the mid year point and this is reflected in the overall position. However it is evident that ongoing staffing issues in OHU are affecting the unit ongoing resilience and as a consequence this continues to have an adverse impact on performance.
- 18.2 The overall approach to performance management is embedded and as it currently stands is sufficiently robust for the level of shared activity to date. However the return of the ICT and Transactional shared services will require more robust scrutiny going forward. Therefore the overall approach to the performance management of shared services will be reviewed to ensure that it continues to provide sufficient reassurance to the Joint Officer Board and Joint Committee about the efficiency and effectiveness of shared arrangements going forward.

19 Access to Information

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

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Documents are available for inspection at:

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