

Corporate Policy Committee

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| Date of Meeting: | 14 July 2022 |
| Report Title: | Update on Shared Services Joint Committee and Best for Business |
| Report of: | Jane Burns, Executive Director Corporate Services |
| Report Reference No: | CP/45/22-23 |
| Ward(s) Affected: | All |

1. Purpose of Report

- 1.1** To inform the Corporate Policy Committee of the recent work of the Shared Services Joint Committee and allow the opportunity for Member oversight and scrutiny.

2. Executive Summary

- 2.1** Currently there are eight Shared Services between Cheshire East and Cheshire West and Chester Councils which date back to local government reorganisation in 2009. The Shared Services Joint Committee's role is to oversee the management of those services which are provided on a Cheshire-wide basis on behalf of both councils to ensure effective delivery of such services and to provide strategic direction. The Joint Committee consists of 6 Members: 3 from each Council. It is chaired and administered on alternate years by each Council; it is currently being chaired and administered by Cheshire West and Chester Council.
- 2.2** The Joint Committee is playing a key role overseeing the implementation of the Best for Business Programme and the Shared Services Review.
- 2.3** This report summarises key updates from the most recent meeting, held on 17 June 2022. Minutes of this meeting will be available on the website of both Cheshire East and Cheshire West and Chester Councils. Members should note that there were no items under Public Question Time / Open

Session, as there were no visiting members, members of the public or representations from other organisations in attendance. All members of the Shared Service Committee were present alongside appropriate senior officers.

3. Recommendations

- 3.1** To note the progress in the delivery of shared services, the shared services review, and the Best for Business Programme.

4. Reasons for Recommendations

- 4.1** This is the second report to the Corporate Policy Committee to assist in its role overseeing the shared services arrangements with Cheshire West and Chester Council.

5. Other Options Considered

- 5.1** Not applicable

6. Background

- 6.1** The Shared Services Joint Committee's role is to oversee the management of those services which are provided on a Cheshire-wide basis on behalf of Cheshire West and Chester Council and Cheshire East Council to ensure effective delivery of such services and to provide strategic direction. The Joint Committee consists of 6 Members: 3 from each Council. It is chaired and administered on alternate years by each Council. At the meeting of 17 June 2022 the Joint Committee approved that the meeting would be chaired and administered by Cheshire West and Chester Council.
- 6.2** At the meeting on 9 June 2022 the Corporate Policy Committee re-appointed three Members to the Joint Committee: Cllr Rhodes, Cllr Stott and Cllr Findlow.
- 6.3** Currently there are eight Shared Services (six CWC hosted, and two CEC hosted). They are:
- Archaeological Planning and Advisory Services (APAS) - CWC
 - Archives and Local Studies - CWC
 - Cheshire Rural Touring Arts – (CRTA) - CWC
 - Emergency Planning - CWC
 - Farms Estate (Management) - CEC
 - ICT - CEC
 - Libraries Shared Service - CWC
 - Transactional Services - CWC

7. Performance reporting

7.1 Day-to-day performance is managed by each shared service manager who reports, through their normal line management arrangements, to a service manager in the host authority and has a relationship with a client manager, in the other authority.

7.2 Shared service business plans provide details of the shared service operation, objectives and resources required. The business plans require a degree of flexibility to enable an appropriate response to the changing needs of each council, especially during the ongoing pandemic.

7.3 The most recent performance report (Quarter 4 review) was considered at the meeting on 17 June 2022.

7.4 Overall Summary Ratings

The table below provides a judgement on the overall performance for each of the shared services. The judgement takes into account both performance (objectives and KPIs) and the budget position. The judgement criteria are set out below:

- RED – overspend of more than 10% of the budget and/or most objectives and/or KPIs have not been achieved
- AMBER – overspend of less than 10% of the budget and more than two objectives and /or KPIs have not been achieved
- GREEN – on budget or underspent and all objectives and KPIs have been achieved.

| Service | Overall Performance 2019-20 | Overall Performance 2020-21 | Q1 Performance 2021-22 | Q2 Performance 2021-22 | Q3 Performance 2021-22 | End of Year Performance 2021-22 |
|---------------------------------------|-----------------------------|-----------------------------|------------------------|------------------------|------------------------|---------------------------------|
| Archaeology Planning Advisory Service | Green | Amber | Green | Green | Green | Green |
| Archives and Local Studies | Green | Amber | Green | Green | Green | Green |
| Cheshire Rural Touring Arts | Green | Green | Green | Green | Green | Green |
| Emergency Planning | Amber | Amber | Amber | Green | Green | Green |
| Farms Estate Management | Green | Amber | Green | Green | Green | Green |
| ICT | Amber | Amber | Amber | Amber | Amber | Amber |

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|--------------------------|-------|-------|-------|-------|-------|-------|
| Libraries Shared Service | Green | Amber | Green | Green | Green | Green |
| Transactional Services | Amber | Red | Amber | Green | Amber | Amber |

Overall Summary Ratings Commentary

Budget

- Most services are reporting a balanced budget or underspent financial position.
- Emergency Planning is reporting a small overspend of £2k which is in line with the position previously reported.
- ICT are reporting an overspend of £1.84m, which is a reduction from the £2.09m overspend forecast at Q3. £0.3m of this overspend relates to additional costs relating to Unit 4 ERP, for which budget provision has been made by both councils.
- Transactional Services are reporting an overspend of £0.7m, mainly due to the impact of the revised, later, Go Live date for phase 2 of the Unit 4 ERP system (£0.5m). Budget provision for the overspend relating to Unit 4 ERP has been made by both councils.

Objectives

- Most services have achieved their objectives, although a number continue to be impacted by Covid-19.
- Due to the increased level of support required for the implementation of the Phase 2 Unit 4 ERP rollout, and in response to the recommendations from the Shared Service review, a number of objectives in Transactional Services have been deferred to 2022-23.
- More information is set out in the individual summaries within the report and in the individual business plans provided as supporting information.

Key Performance Indicators

- Most services KPIs have been achieved with four KPIs, one each in APAS, Emergency Planning, Archives and Local Studies, and Libraries Shared Service, that are impacted by Covid 19. They are set out in the individual service summaries within this report and in the individual business plans provided as supporting information.
- KPI information for Transactional Services has not been able to be extracted from UNIT4 ERP in the same format as Oracle and therefore not comparing like with like. The councils are working together to agree new KPIs covering all of the transactional service shared service functions.

(The detailed report is accessible via the link to background documents).

8. Best for Business

- 8.1** In May 2016, the SSJC approved a programme of work to procure a new system to replace the existing Finance and Procurement and HR and Payroll system. Both Councils' Cabinet meetings approved a recommendation in July 2017 to award a contract to Agilisys for the implementation of the Unit4 ERP system. In November 2019 (Cheshire West & Chester) and December 2019 (Cheshire East), each Council's Cabinet approved recommendations relating to the Best4Business programme. The Joint Committee has been provided with regular updates on the programme.
- 8.2** A Joint Scrutiny Working Group was established in 2019. It consists of 6 members: 3 from each council. Cheshire East Members are Cllr Mannion, Cllr Warren, and Cllr David Brown.
- 8.3** The context is important. This is a major system change. A change of this magnitude does have significant implications for all those who use the system. Challenges and 'teething troubles' were anticipated and expected. The system itself is stable. Over 53,000 people are being paid each month, as are invoices to suppliers and the financial ledger is operating. There are still some issues and concerns which are acknowledged, as is the frustration that this has caused. All the issues are being prioritised and methodically worked through.
- 8.4** The detailed report considered and noted by the Joint Committee is shown at Appendix 1. Some key points to note are:
- The Programme Board has approved the technical **programme closure**, with programme governance handed over to "business as usual".
 - The "**hypercare**" **phase** ended on 31 May 2022. There continue to be some additional internal and external resources retained to support the delivery of outstanding reports and training. Structures to engage senior officers, suppliers and system users are established to manage ongoing support and management requirements of the system.
 - There are a number of **defects** requiring resolution following the launch of the HR and Payroll functionality. The overall progress is positive; high priority go-live issues have been resolved, and the remaining defects dating from go-live are managed and prioritised.

- Feedback from users, in Council services and companies and in schools, has highlighted some challenges **bedding in** operational business processes in all areas, and ensuring that appropriate system reporting capabilities are available to support end users. We are working hard to resolve these issues and provide additional help and support to users.
- The continuing arrangement with our external programme management advisors Ameo for **provision of system experts** or “solution architects” to assist with fixes, developments and internal training; this was extended until the end of July 2022 to provide additional support for development of a number of specific reports and for additional training and knowledge transfer to the internal support team.
- **Over 150 defects and improvement requests have been delivered** since early March, with the assistance of our supplier Agilisys.
- The testing and launch of the **first upgrade** of the product since it was launched has been successfully completed on a basis.
- The TSC teams continue to provide ongoing support to users of the system. For example, over **1,700 support tickets** have been resolved since early March, and **over 600** calls to the urgent payroll queries **helpline** being responded to. Call volumes to this helpline are reducing significantly each month since payroll functionality went live in late 2021.
- Specific **support sessions** have been provided to schools and academies in relation to reporting functionality in the new system. Ongoing feedback from users continues to be assessed and responded to, with additional forums being established and 1-1 support for those schools who request it. The Joint Committee were made aware that specific queries raised with members were being addressed through direct correspondence.

8.5 A formal Member-led **lessons learned review** will be undertaken by the Joint Committee and the Joint Scrutiny Working Group in August. The results of the review will be reported to the relevant Member bodies in both Councils in due course, including this committee. The review will be externally facilitated by the Centre for Governance and Scrutiny, to provide independence.

9. Shared Services Review

9.1 Cheshire East and Cheshire West and Chester Councils agreed to commission a strategic review of all the existing eight formal shared services in 2021. It was agreed that an external perspective and

expertise would be valuable, and a specification was drawn up, a procurement exercise undertaken, and C.Co, the consultancy arm of CIPFA, were appointed to conduct the reviews. This work has been completed and reported to the Joint Committee.

9.2 The Joint Committee have accepted the changes. Officers are working up plans to implement them. Consideration is also being given to options to revise the governance arrangements, including for the Joint Committee itself.

9.3 The work has been undertaken in 3 phases:

- **Phase 1 ICT Shared Services** (in depth review). The key findings of this review were to move to a more hybrid model where both councils would have their own ICT service and some functions would continue to be shared. The Joint Committee agreed to commission further work on technical and financial assurance and due diligence. Due to the complexity, officers from both councils are working through the detail of how a new model could be implemented, so that Members will have the necessary information to be able to make a decision on the future arrangements. This is anticipated in September/October 2022.
- **Phase 2 Transactional Services** (in depth review). The key findings of the review were reported to the Joint Committee on 21 January 2022. There is strategic alignment between the two Councils. As well as the investment the two Councils have made to the new Unit4 ERP system, there is a wider strategic commitment to working together. There is alignment of strategies and policies which provide a good starting point for identifying opportunities for improvement and realisation of efficiencies.
- **Phase 3 the six smaller Shared Services** (desk top review). The key findings of the review were also reported to the Joint Committee on 21 January 2022. They are operating well and in line with best practice, where comparisons can be made. There is a mixed approach to how these six smaller services operate, with some operating as shared services, whilst others are more in line with the definition of a managed service or a strategic partnership. The governance and reporting in some cases are not proportionate to the type of service or the services size and can duplicate or create additional avoidable effort. Funding, for some services, needs to be reviewed to ensure alignment with the shared services principles.

10. Consultation and Engagement

10.1 Regular conversations take place with the Trade Unions on B4B, and regular staff communication continues.

10.2 Any proposed changes as a result of the shared services review will be discussed with staff and trade unions in both councils.

11. Implications

11.1 Legal

The Shared Services Administrative Agreement sets out the overall arrangements in relation to the way the sharing Authorities will work together. This will be revised when revised arrangements are agreed.

11.2 Finance

The table below summarises the end of year financial performance for the shared services.

| Service | 2021-22 Budget £ | Q1 Forecast £ | Q2 Forecast £ | Q3 Forecast | 2021-22 Year End | Variance £ |
|---------------------------------------|------------------|---------------|---------------|-------------|------------------|------------------|
| Archaeology Planning Advisory Service | 158,817 | 158,817 | 158,817 | 158,817 | 158,817 | Balanced |
| Archives and Local Studies | 461,602 | 461,602 | 461,602 | 461,602 | 461,602 | Balanced |
| Cheshire Rural Touring Arts | 84,000 | 84,000 | 84,000 | 84,000 | 84,000 | Balanced |
| Emergency Planning | 308,176 | 302,522 | 307,198 | 306,668 | 310,625 | 2,476 |
| Farms Estate Management | 226,674 | 162,720 | 157,063 | 157,332 | 163,117 | (63,557) |
| ICT | 17,350,000 | 17,840,000 | 18,960,000 | 19,440,000 | 19,190,000 | 1,840,000 |
| Libraries Shared Service | 317,442 | 330,836 | 330,836 | 330,836 | 238,414 | (79,028) |
| Transactional Services | 5,460,807 | 5,522,270 | 5,882,235 | 5,924,481 | 6,105,909 | 700,994 |

Budget Summary Commentary

- Most services are reporting a balanced or underspent position at year end.
- Emergency Planning are forecasting a small overspend which equates to approximately 1% of the total budget.
- The Farms Estate Management underspend is due to a retained staffing vacancy.
- ICT are reporting a year end overspend of £1.84m largely as a result of a reduction in income, both due a reduction in the delivery of chargeable

projects and a reduction in income from schools. This is a reduction from the forecast overspend of £2.09m reported at Q3. £0.3m of this overspend relates to additional costs relating to Unit 4 ERP, for which budget provision has been made by both councils.

- Transactional Services are reporting an overspend of £0.7m. £0.5m of this overspend is as a result of the impact of the revised, later, Go Live date for phase 2 of the Unit 4 ERP system as it has been agreed that the costs of staff and consultants working on the project are to be charged to the Transactional Services budget. This has increased from the position reported at Q3 due to the increased level of support required in respect of implementation. Budget provision for this has been made by two councils, and is therefore rated as amber. Additionally, there has been a loss of income due to a loss of schools business which has been partially mitigated by vacancy management within the service.
- The period of formal “hypercare” (enhanced support arrangements) ceased at the end of May 2022. However, additional external support resources have been retained to enhance the internal business as usual support arrangements now in operation.

Best for Business

No additional programme-related expenditure has been incurred since the previous report to this Committee. A final review of programme expenditure will be carried out and reported as part of the programme “lessons learned” review.

There is ongoing dialogue as to the cause of previously reported delays to the programme plan reported in November 2020, and the associated costs between the Councils and the provider. Dialogue is continuing regarding certain charges and additional delays. The programme is looking to resolve these issues as part of overall programme closure.

Shared Service Review

The cost of the contract with C.Co is £98,000, shared equally between the two councils.

11.4 Policy

There are no policy implications of this report.

11.5 Equality

There are no equality implications of this report.

11.6 Human Resources

There are significant implications in the move to a new HR and Payroll module of Unit 4 ERP.

11.7 Risk Management

There are detailed risk registers which are monitored regularly by the Joint Committee.

11.8 Rural Communities

There are no implications for rural communities of this report

11.9 Children and Young People/Cared for Children

There are no implications to children and young people,

11.10 Public Health

There are no public health implications of this report

11.11 Climate Change

There are no climate change implications of this report.

| Access to Information | |
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| Contact Officer: | Jane Burns, Executive Director Corporate Services Jane.burns@cheshireeast.gov.uk |
| Appendices: | Report to Shared Services Joint Committee |
| Background Papers: | Agenda for Shared Services Joint Committee on Friday, 17th June, 2022, 10.00 am - Cheshire West & Cheshire Council (cheshirewestandchester.gov.uk) |