

Title of report	Shared Services Agreement – SSSC and the Care Inspectorate (CI)
Public/confidential	Public
Action	For approval
Summary/purpose of report	For Council to approve the governance documents for the shared services arrangement and to note that revised arrangements were effective from 1 April 2021.
Recommendations	<p>The Council is asked to:</p> <ol style="list-style-type: none"> 1. approve the following governance documents for the shared services arrangement between SSSC and the CI: <ol style="list-style-type: none"> a. strategy b. management agreement c. performance measures d. risk register 2. note the recommendations in the internal audit report that Henderson Loggie prepared, which we have reflected in the documents above. 3. agree that risk 1 in appendix 4 should be included in the strategic risk register 4. agree that the Interim Director of Finance and Resources can make any minor changes to the documents eg as a result of feedback from the Care Inspectorate Board 5. note the terms of reference for the Shared Service Review Board and Oversight Group 6. note that revised shared services arrangements were effective from 1 April 2021.
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Link to Strategic Plan	<p>The information in this report links to all four outcomes:</p> <p>Outcome 1: People who use services are protected by ensuring the regulated workforce is fit to practise.</p> <p>Outcome 2: The SSSC supports and enhances the development of the registered workforce to deliver high standards of practice and drive improvement.</p> <p>Outcome 3: Our workforce planning activities support employers, commissioners and policy makers to deliver a sustainable, integrated and innovative workforce.</p> <p>Outcome 4: The social work, social care and early years workforce is recognised as professional and regulated and valued for the difference it makes to people's lives.</p>
Link to the Risk Register	<p>Shared services support all of our organisational functions therefore links to all risks.</p> <p>Risk 1: We fail to ensure that our system of regulation meets the needs of people who use services and workers.</p> <p>Risk 2: We fail to ensure that our workforce development function supports the workforce and employers to achieve the right standards and qualifications to gain and maintain registration.</p> <p>Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.</p> <p>Risk 4: We fail to plan and resource our activities to deliver our digital strategy.</p> <p>Risk 5: We fail to provide value to our stakeholders and demonstrate our impact.</p> <p>Risk 6: We fail to develop and support SSSC staff appropriately to ensure we have a motivated and skilled workforce to achieve our strategic outcomes.</p> <p>Risk 7: The SSSC fail to secure sufficient budget resources to fulfil the financial plans required to deliver the strategic plan.</p> <p>Risk 8: Business Continuity Plans (BCP) are in place and tested.</p> <p>Risk 9: The SSSC is unable to operate due to effects of global pandemic COVID-19.</p>
Equality Impact Assessment (EIA)	An EIA is not required as this report covers internal governance arrangements.

Documents attached	<p>Appendix 1: Shared services strategy</p> <p>Appendix 2: Management agreement</p> <p>Appendix 3: Performance measures</p> <p>Appendix 4: Risk register</p> <p>Appendix 5: Terms of reference – Shared Service Review Board</p> <p>Appendix 6: Terms of reference – Shared Service Oversight Group</p> <p>Appendix 7: Internal audit report - Joint review of shared services</p>
Background papers	<p>Confidential Council Report 07/2020 Shared Services Strategy</p> <p>Council Report 23/2020 Shared Services Update</p> <p>Confidential Council Report 39/2020 Shared Services Update</p>

1. BACKGROUND

- 1.1 Shared services have been in place between SSSC and the CI since 2001. In 2019 both organisations agreed that governance arrangements should be strengthened and appointed CIPFA to work as an honest broker and help identify the needs for provider and recipients of shared services and develop a shared services strategy, a model for provision of the services and governance arrangements.
- 1.2 After completing interviews with senior management of both organisations, CIPFA produced a report in January 2020. The main recommendations from this report were:
 - Governance should be focussed on the two Chief Executives.
 - Director level members of staff from both organisations should guide the Head of Shared Services based on their interpretation of the needs of their organisation.
 - A joint strategy should be put in place with common aims that seeks to consolidate the operation of the existing services through a comprehensive management agreement, spanning a three-year period to be reviewed annually and covering all the services to be provided and the outcomes and outputs required. The shared service would implement any improvements identified from customer surveys.
 - Financing of services should be clearer – focus and transparency.
 - Staff should be treated as 'belonging' to the shared service rather than one organisation or another.
 - Both organisations must have a shared interest in the success of the joint arrangement and performance management is critical.
- 1.3 The SSSC Council and the CI Board had a joint meeting on 20 January 2020 to discuss the shared services between the two organisations and they agreed an implementation date of 1 July 2020 for the new operations and governance sign off. An update on shared services was provided to Council on 24 March 2020.
- 1.4 Following this there were some changes in senior managers with responsibility for shared services that affected timescales for delivery. An Interim Director of Finance and Resources for SSSC was appointed in June 2020, the Executive Director of Corporate and Customer Services for the CI left in August 2020 and the new post holder was appointed in November 2020.
- 1.5 We provided an update to Council on 19 November 2020 that it was realistic that the new arrangements would come into place on 1 April 2021 but we needed to agree this with the CI.

2. REVIEW OF SHARED SERVICE ARRANGEMENTS

- 2.1 The Chief Executives of the SSSC and the CI, who form the Review Board for the shared service arrangements, instructed the setup of a Shared Services Oversight Group comprising the Interim Director of Finance and Resources at SSSC, the Executive Director of Corporate and Customer Services at the CI and the Head of Shared Services. Terms of reference are included at appendices 5 and 6. The Review Board asked the group to put in place governance arrangements and a shared services specification to meet the agreed deadlines.
- 2.2 It is important to note that shared services have been delivered during this time and the group has met regularly and discussed any issues that have arisen to find a way forward jointly. There have been workshops involving shared services staff who have made it clear that they wish to belong to both organisations and valued equally by both rather than belonging to a separate shared service, which CIPFA promoted.
- 2.3 The group has produced the following documents that CIPFA recommended would form the governance arrangements for shared services between SSSC and the CI.
- Appendix 1: Strategy – includes the vision, model, definition, drivers, scope, strategic aims, governance and performance monitoring and review for shared services.
 - Appendix 2: Management agreement – the three-year agreement sets out a framework to guide both organisations in the conduct of the shared services. It is intended to demonstrate their firm commitment to support and participate fully in the shared service and to work together with openness and transparency. It is also intended to provide both organisations with confidence and assurance in the governance, management, operation and development of the identified services. Both organisations will review and update the agreement annually.
 - Appendix 3: Performance measures – includes the key performance measures that the Review Board and Shared Services Oversight Group will review at agreed frequencies, including the effectiveness of the measures. Where there are issues with performance monitored by the Oversight Group, the Group may decide to raise with the Review Group where appropriate. The Head of Shared Services will put in place other operational performance measures to make sure that performance of the key measures is on track to achieve targets.
 - Appendix 4: Risk register – includes the key risks of the shared services. The Head of Shared Services will maintain the risk register and the Review Board and Shared Services Oversight Group will review risks regularly to make sure that we take action to mitigate them.
- 2.4 Henderson Loggie, internal auditors for SSSC and the CI, have reviewed the documents and prepared the report at appendix 7. They rated the overall level of assurance as satisfactory and made a number of recommendations

that have since been included in the documents appended to this report (they refer to performance measures as being in appendix 2 but it is appendix 3 to this report).

- 2.5 The management agreement at appendix 2 has appendices relating to a detailed services specification, annual development plan and a resource plan that underpins a charging schedule. We have not presented these appendices to Council due to the level of operational detail included. We will engage Henderson Loggie to review these documents before implementation.
- 2.6 The shared services arrangements are effective from 1 April 2021, although the SSSC Council and CI Board will agree governance arrangements on 27 May and 17 June 2021 respectively and the senior management teams of both organisations will agree the operational detail of the schedules appended to the management agreement by 30 June 2021. We ask Council to agree that the Interim Director of Finance and Resources can make any minor changes to the governance documents following feedback from the CI Board. We will refer any significant suggested changes back to the Council before final agreement.
- 2.7 From 2021/22 the Review Board will ensure that the annual cycle of review is planned and that any changes and improvements are incorporated into the specification and associated documents in advance of 1 April each year.

3. RESOURCE IMPLICATIONS

- 3.1 Resources required from SSSC for the shared service will be included in the resource plan and charging schedule appended to the specification of services. The budget for 2021/22 includes £514k of costs paid via the CI relating to rent, rates, property, shredding and tax advice. £165k relates to the re-charge of CI staff providing a service to SSSC. This is in addition to SSSC staff working in shared services at a cost of £994k.

4. LEGAL IMPLICATIONS

- 4.1 Any legislation associated with the shared services arrangement is defined in the management agreement.

5. STAKEHOLDER ENGAGEMENT

- 5.1 Consultation has taken place with the Operational Management Team, Executive Management Team and shared services managers and staff.

6. IMPACT ON PEOPLE USING SOCIAL SERVICES AND CARERS

- 6.1 There is no direct impact on people using social services and carers. However, the governance arrangements for shared services support us to ensure that we create an organisation in which we work together to provide

services that provide value for money, make efficient use of resources and public funds and provide interesting and rewarding work to our employees. All of the staff in shared services know the important role they play in protecting some of Scotland's most vulnerable people.

7. CONCLUSION

- 7.1 We are asking Council to approve the governance arrangements for shared services so we can continue to provide value for money from public funding. The new arrangements are effective from 1 April 2021.