



To: The Leader and Executive Councillor for Strategy:
Councillor Lewis Herbert

Report by: Ray Ward

Relevant scrutiny committee: Strategy & Resources
14/7/2014
Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge
East Chesterton King's Hedges Market Newnham
Petersfield Queen Edith's Romsey Trumpington
West Chesterton

SHARED SERVICES

Key Decision

1. Executive summary

This report provides members with an update on the Council's current shared service arrangements and the potential for the further sharing of services going forward. It also suggests an approach to governance around this subject.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 That Members endorse the proposed outcomes for shared working in Section 4.1 as the basis for shaping future shared service work for the Council.
- 2.2 That a joint project governance structure be set up with a Member Steering Group overseeing the process supported by a shared service project board as described in Section 7 below.
- 2.3 That the Council Leaders be appointed to that Steering Group with the power to co-opt individual relevant portfolio holders as required.
- 2.4 That an 'in principle' agreement be given to a shared services between South Cambridgeshire District Council (SCDC) and Huntingdon District Council (HDC) for ICT and Legal as set out in the

report and that project board be tasked with agreeing outline business cases by September 2014.

3. Background

3.1 The impact of cuts in public spending has meant that all public agencies have had to find more efficient ways of delivering services. One of the ways we have sought to deliver those efficiencies is to deliver services in shared arrangements with other local authorities.

3.1.2 To date we are sharing:

Home Improvement Agency - Cambridge City Council (CCC), (SCDC) and (HDC)

Internal Audit - CCC, SCDC and Peterborough City Council

Support to Joint Development Control Committee - provided by CCC

Payroll - CCC and SCDC

CCTV - CCC and HDC

Interim S151 Officer - provided to CCC by SCDC

3.1.3 We have also agreed a City Deal with government which would ultimately see the Council setting up a combined authority with SCDC and the County Council to deliver strategic planning and transport.

3.1.4 The original approach was to seek opportunities to develop shared services as they emerged. Last November we agreed a list of back-office services to explore particularly with SCDC as the geography of the two councils and the nature of the City Deal made them a natural first point of contact. However, this has not been an exclusive partnership and we have also been discussing with HDC the opportunity for sharing services where we have a more similar service offering.

3.1.5 This report seeks to update members on where discussions currently are and to propose a formal structure going forward to explore the opportunities for shared services with both SCDC and HDC where appropriate.

4. Outcomes for Shared Working

4.1 The Council recognises that it will be smaller going forward and one of the ways to develop local public services is to work in shared service arrangements in order to help protect key services and to ensure resilience whilst retaining local control and sovereignty.

4.2 CCC, SCDC and HDC have different ways of providing some services and different levels of discretionary services. They also have very different geographies with one being urban, one being rural and one a mix of the two. This means that it may make sense to combine some services together across all three councils, but more pragmatically some services may make sense in different combinations of the two authorities.

4.3 In working together, in whatever permutation, all three Councils will seek to deliver seamless services to internal service users and the public and to deliver the following outcomes:

- Protection of services which support the delivery of the wider policy objectives of each Council
- Creation of services that are genuinely shared between the relevant council's with those councils sharing the risks and benefits and controlling the operation and direction of the service
- Savings through reduced management costs and economies of scale
- Increased resilience and retention of staff
- Minimise the bureaucracy involved in operating the shared service
- Opportunities to generate additional income, where appropriate
- Procurement and purchasing efficiencies
- Sharing of specialist roles which individually are not viable

4.4 The Council is committed to consulting staff about the proposals that affect them. The underlying objectives proposed as the approach to shared services are;

- Fair terms and conditions of employment
- Paying a minimum of the living wage
- A commitment to staff training and development
- Recognition of trade unions
- A commitment to tackling inequality and celebrating diversity in service delivery

5. Current Position on Individual Services

5.1 Services being explored between the City Council and South Cambridgeshire DC

5.1.1 Shared Waste Services

The shared waste work is proceeding positively. The aim is to first co-locate at Waterbeach depot and to then move to a shared service.

There is wider work going on through the RECAP Partnership to identify further countywide opportunities.

Timetable: Outline business case for shared depot at Waterbeach to be reported to members in July. Detailed business case in October.

5.1.2 Strategic Planning

This is linked to the City Deal; the work aims to develop a proposal with County Transport functions.

Timetable: Plan to report in October

5.2 Services being explored between the City Council, South Cambridgeshire DC and Huntingdon DC

5.2.1 ICT

The current models of operation utilised by the three councils are radically different. The City Council has an in-house client team and outsourced delivery. SCDC and Hunts both have direct delivery. Technical differences between the authorities are diminishing during the current financial year with the adoption of a shared network (Cambridgeshire Public Sector Network) and CCCs move onto the Microsoft suite of products so there is real potential.

It is proposed that all three Council's should develop a technical strategy roadmap to standardise IT systems in a planned manner whilst also taking advantages of opportunities as they arise to enable further shared service opportunities - both front and back office to bring the IT operational models of the three Council's together. This would enable the shared service to exploit expertise to generate increased effectiveness and efficiency of IT Service delivery to the three authorities.

It is proposed that external capacity is procured to;

- Conduct a baseline analysis of current ICT provision in the participating councils based on existing service information enabling a total cost of ICT service provision broken down into agreed units of cost

- Develop a target operating model for the future ICT shared function that would assist the participating councils in broadening the adoption of shared services
- Develop a clear roadmap and outline implementation approach and plan to redefine IT operations and service delivery to achieve potential significant cost savings through the standardization of services and platforms, improved demand management and informed customer choices about the cost-effective use of IT resources
- Assist with the development of the job design of a manager post to lead the shared ICT service

It is proposed to fund this work on an equal basis between the councils and in our case this will be funded by the Efficiency Fund.

Timetable:

The outcome of this work will be reported to this committee in September 14.

5.2.2 **Legal Services**

It is proposed that a shared in-house legal service to meet the legal support needs for the three councils is developed and in doing so create a model that could be extended to include other similar councils.

A larger legal team will provide greater resilience to cope with peaks of workload, staff absences etc. It will allow for greater specialisation and a wider range of services, avoiding the need for external procurement of legal support.

It will also provide opportunities for greater efficiency through development of standard ways of working, avoiding duplication of activity between the three councils, and through allocating work at an appropriate level within teams. It is proposed we should build a detailed business case for the creation of a shared service model for a joint 'legal practice' between SCDC, HDC and CCC, reserving the decision around monitoring officer responsibilities to each Council.

Timetable:

The outcome of this work will be reported to this committee in September.

5.2.3 **Building Control**

HDC and SCDC propose to join a regional partnership set up by South Norfolk. The City Council is evaluating this against other potential models.

Timetable: SCDC and HDC decision in July, the City to further consider and report in October 14.

5.3 Services being explored by South Cambridgeshire DC and Huntingdon DC

5.3.1 The systematic review of services has begun between the two Councils. In addition to work on the above, planning (in particular development management) is being scoped.

5.4 Services which have been discussed but not pursued at current time

5.4.1 Revenues and Benefits

This should be revisited when the impact of the Universal Credit and the transfer of functions to DWP has been assessed; consideration will be given to whether the remainder of this service area might be brought into a shared service configuration.

5.4.2 HR

Radically different levels of service provision from respective teams means a shared HR service not feasible at this time. However, this should be revisited once the City Council has done more work on its future specification and model for HR services.

Whilst not sharing operational teams at this stage, we should continue collaborative work to understand any differences in the areas of terms and conditions (T&C's) of employment and policy which may be barriers to future sharing of services.

6. Future Opportunities

6.1 Once the project manager role has been established (see 5 below) and a virtual team created, the early focus will be on establishing a programme of work. The direction for the work is that all services are within scope for the review, and it is planned that a detailed phasing plan will be ready for debate in September.

6.2 The reality is that the programme is likely to spread over the next three years as the shared service models emerge and options for further expansion of the sharing are explored with neighbouring councils.

6.3 Another element of work which will be developed over the next 12 - 18 months is the further commercialisation of some of the services being reviewed. This will be for services where a private sector market

already exists, or indeed, where one can be stimulated to provide the Councils with income streams.

7. Project Management

- 7.1 Given the complexity of the arrangements and overlapping discussions it is important that we streamline this into a project governance structure with clear roles and responsibilities.
- 7.2 It is proposed there should be a Member Steering Group overseeing the process. This has worked well with Waste. Initially meeting on a monthly basis to form and shape the programme going forward the meetings will move to a quarterly basis once the programme is established. The Steering Group would comprise of the three council leaders with the relevant portfolio holders attending, dependent on the agenda.
- 7.3 A shared services board of 6 - the 3 Chief Executives and one corporate director from each Council to oversee the detail development of proposals and implementation; meeting on a monthly basis.
- 7.4 This would be supported by a shared project team from across all three councils, overseen by a project manager jointly accountable to the shared services board.
- 7.5 Individual business cases would pass from this system, as required, to be agreed or reviewed by the appropriate decision making structures of each council.
- 7.6 To provide some financial support to assist the council's a bid is being made to the Transformation Challenge Fund. The aim of the proposal is to provide capacity.

8. Priorities for Project Board

- 8.1 To help all three councils exploit the full potential for sharing it will be important to agree:
 - A shared template for business plan development
 - A clear cost sharing model including equitable treatment of overheads, risk and productivity gains
 - An agreed protocol for handling staff engagement, consultation and communication
 - An organisation development plan to develop staff skills and to enable secondments and other joint working within and outside

the formal joint services. As part of the planning, the project board needs to identify any differences in terms of conditions which may be barriers to sharing and the potential solutions to these.

9. Implications

(a) Financial Implications:

At this stage the financial modelling has not begun, so the full implications will need to emerge as the business plans develop. In work elsewhere around England, early indications are that savings of up to 15% may be available from shared service solutions.

The short term costs of this work are being accommodated within each council's existing resource base.

Should the Transformation Challenge Bid be unsuccessful, there will need to be a more detailed assessment of how this work can be supported.

(b) Staffing Implications See Section 4.4

(c) Equality and Poverty Implications

An EqIA has not yet been completed as the work to actually describe the equalities opportunities implications is yet to be undertaken. This will be reviewed at a later date.

(d) Environmental Implications

Nil.

As part of this section, assign a climate change rating to your recommendation(s) or proposals. You should rate the impact as either:

- +H / +M / +L: to indicate that the proposal has a high, medium or low positive impact.
- Nil: to indicate that the proposal has no climate change impact.
- -H / -M / -L: to indicate that the proposal has a high, medium or low negative impact.

Follow the guidance on the intranet at <http://intranet/sustainability/policies-and-procedures.html>

(e) **Procurement**

None.

(f) **Consultation and communication**

Extensive consultation and engagement with both staff and trade unions will be essential as will the need to co-ordinate this activity with both SCDC and HDC as appropriate. A news release has been developed, which will also form the basis of a Cambridge Matters article and will also be available on the Council's website.

Please state what you have done / are planning to do by way of consultation

The Councils Code of best practice on consultation and community engagement can be accessed via:

<http://intranet/Guidelines/code-of-best-practice-on-consultation-and-community-engagement.pdf>

Please state what you have done / are planning to do to communicate the content of this report to residents and others, e.g. through the media using a news release, Cambridge Matters, content on the council's website, Twitter or Facebook.

Advice is available at <http://intranet/corporate-marketing/>

(g) **Community Safety**

N/A

10. Background papers

These background papers were used in the preparation of this report:

10/7/14 - HDC report to Overview & Scrutiny Panel (Economic and Wellbeing)

10/7/14 - SCDC report to Leader and Cabinet

11. Appendices

None.

12. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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