



To: The Executive Councillor of Finance and Resources: George Owers  
The Leader and Executive Councillor for Strategy and Transformation: Councillor Lewis Herbert

Report by: RAY WARD - DIRECTOR BUSINESS TRANSFORMATION

Relevant scrutiny committee: Strategy & 21/3/2016 Resources 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 - TERMS OF REFERENCE FOR JOINT GROUP AND BUSINESS PLANS**

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**1. Executive summary**

This report provides information regarding terms of reference for the shared services Joint Group between the City Council, South Cambridgeshire District Council and Huntingdon District Council. Business cases for the shared ICT and Legal services are seeking approval, the principles of which were approved by this Council on the 13<sup>th</sup> July 2015 and 12<sup>th</sup> October 2015.

**2. Recommendations**

The Executive Councillor for Finance and Resources is recommended the:

- 1) Business plans for each of the shared services attached at Appendix 1 are approved

The Leader and Executive Councillor for Strategy and Transformation: Councillor Lewis Herbert is recommended the:

- 2) Terms of Reference (see appendix 2) for the Shared Services Joint Group are approved, to enable that Group to operate in a formal committee setting from September 2016, prior to which, they will continue to be held on a quarterly basis in shadow format.

### **3. Background**

3.1. In July 2015, Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council each approved a lead authority model for shared services, where an agreed lead council would be responsible for the operational delivery of a service. It was also proposed that impacted staff would be employed by the lead council via a Transfer of Undertakings (Protection of Employment Regulations) or TUPE Transfer as it is more commonly known.

3.2. The business cases to allow ICT and Legal shared services to move forward were approved at the same time and as a result, the three proposed shared services formally consulted with impacted staff and their representatives over the summer. Subsequently, preparations were made for the implementation phase, with a go-live date of 1st October 2015 (the date from which the nominated lead councils would become the Employing Authority and staff would transfer).

3.3. At the same meeting, approval was given for the establishment of a Joint Committee without delegated powers the purpose of which is to oversee and provide advice on the delivery of the shared services, with the Leader of each Council being the nominated representative.

3.4. A Sovereignty Guarantee was also endorsed by each council, detailing how they would still safeguard local autonomy in respect of continuing to elect local councillors; making its own decisions on council tax; publishing its own budget and accounts and setting its own spending priorities, whilst operating within a shared service partnership arrangement.

3.5. It was recommended that in order to enable effective management of the shared service programme, that a phased approach be taken. ICT and Legal services would form part of Phase 1.

3.6. A number of further services were identified as having potential for future collaboration and Members were informed that these were being explored. This approach was accepted.

### **4. Phase 1 Implementation**

4.1. On 1st October 2015, Cambridge City became the Employing Authority for Legal Shared Services and Huntingdonshire became the Employing Authority for ICT Shared Services. All impacted staff from each service successfully transferred under TUPE to their new employer, where they were not already employed by the lead council.

4.2. The three councils had previously agreed that the achievement of the following outcomes is primary objective of sharing services:

- 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 councils with those councils sharing the risks and benefits whilst having in place a robust model to control the operation and direction of the service
- Savings through reduced managements 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, and
- Sharing of specialist roles which individually, are not viable in the long-term

4.3. Since the go-live date of 1 October 2015, each shared service has been working to review staffing structures, working practices and overall service provision in order to deliver the desired outcomes of the shared service partnership, as outlined above.

4.4. A key part of the service reviews has been the development of a set of forward-looking business plans that set out the key priorities, objectives, activities and measures of success for each service. These can be found at Appendix 1. It is recommended that the business plans are endorsed to enable the shared services to work to an agreed direction and deliver against an agreed set of objectives.

4.5. An Inter Authority Agreement is in the process of development which will amongst other things provide details of the financial accounting method between the partner councils.

## 5.0. Governance of Shared Service Arrangements

5.1. The operational model for shared services was presented as a Lead Authority model in the original report of July 2015, however, the term caused some confusion due to different interpretations of the term “Lead” and so was changed to Employing Authority model. All other aspects of the model previously endorsed remain the same.

5.2. The Head of each shared service will be responsible for the overall operation of that service, the delivery of the business plan and achievement of performance and financial targets.

5.3. The July 2015 report specified the need to ensure strong governance arrangements to oversee service delivery. Since then, the officer governance arrangements, which were already working well, have been further strengthened with three nominated Corporate Directors (one from each partner council) jointly overseeing the direct delivery of shared services, holding each of the Heads of shared service to account. The directors routinely report to the Chief Executives' Board to enable any cross-cutting issues to be dealt with swiftly and effectively.

5.4. Prior to the July report, the three Leaders had been meeting regularly to review progress of the proposed shared services. The report identified the need to formalise this role of the three Leaders, not least to ensure transparency and clarity.

5.5. Approval was obtained to establish a Joint Committee which would formalise the Leaders' roles in shared services, supported by an officer board (the Chief Executives' Board mentioned at 3.3 above), but it was agreed that it would not have any delegated powers or functions. Instead, it would formalise existing arrangements but without any partner council delegating power to another entity.

5.6. Going forward, the agreed role and remit of the Joint Committee (to be known as the Shared Services Joint Group), will be to provide advice and oversight, to challenge and recommend for endorsement the shared service business plan and budgets. They will act as an advisory body to the three councils only.

5.7. It is intended that the three Leaders will continue to meet on a quarterly basis as the Joint Committee in a shadow format until September 2016, when Group will become fully constituted and operate as a public meeting from then onwards.

5.8. The terms of reference for the Joint Committee which will be known as the Shared Services Joint Group, can be found at Appendix 2. It is recommended that they are approved to enable the Shared Services Joint Group to be fully constituted and operational from September 2016. The meetings will continue on a quarterly basis in shadow format until then.

## **6. Implications**

### **(a) Financial Implications**

£1.3m combined savings in 2016/17 from sharing ICT, Legal and Building Control of which £488,286 is the amount apportioned to the City Council.

(b) **Staffing Implications**

As set out in business plans attached.

(c) **Equality and Poverty Implications**

An EqIA has been carried out for this project and submitted in July report to Strategy and Resources Committee. The EqIA has been updated.

(d) **Environmental Implications**

Low Positive Impact. Reduction in accommodation and energy use associated will have a positive impact. Potential negative impact from increased travel will be mitigated by increased mobile and remote working.

(e) **Procurement**

No issues

(f) **Consultation and communication**

All client services have been kept up to date by email and were invited to a meeting of stakeholders in January 2016. The meeting were held in workshop format with attendees invited to feedback on their priorities for the shared service.

(g) **Community Safety**

No issues.

## **7. Background papers**

These background papers were used in the preparation of this report:  
Shared services report – Strategy and Resources – 13<sup>th</sup> July 2015

## **8. Appendices**

1. Business plans
2. Terms of Reference for Shared Services Joint Group

## **9. Inspection of papers**

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

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