

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

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Agenda item: 10

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ORGANISATIONAL DEVELOPMENT PORTFOLIO HOLDER

SHARED SERVICES/SYSTEMS SUMMARY REPORT

1. Purpose of Report

- 1.1 To provide the Strategic (Overview and Scrutiny) Committee with an opportunity to review the status of the various shared services/systems arrangements that the Council has in place or is in the process of developing with partner organisations.

2. Summary

- 2.1 The Committee reviewed progress in delivering the Council's Improvement and Efficiency Strategy at the March 2010 meeting and as a consequence requested an opportunity to scrutinise in more detail the shared service/system projects that were mentioned in that report.
- 2.2 The table at **APPENDIX A** provides an update on the status of the Shared Services/Systems arrangements that are in place or in an advanced stage of development.
- 2.3 The Council's strategy in this area is to identify opportunities on an ongoing basis and develop individual business cases for each project with partners. Should the business case be sound then a project would be commenced to deliver a shared service or system. Once developed the Council looks to improve the shared service, realise the benefits and if possible secure further economies of scale by widening the arrangements to more partners.
- 2.4 Typically there are many reasons why the Council enters into such arrangements and the business drivers can include a combination of the following:
- Avoidance of capital expenditure to upgrade or procure new technology.
 - Mutual cost benefits through economies of scale.
 - Desire to improve the service.
 - Difficulty in recruiting and retaining relevant managerial or technical skills.
 - Improved business resilience.
- 2.5 The Council continues to expand and develop shared service options in order to achieve efficiency and improvements in service delivery. Such development is seen as critical in terms of reducing overall costs. The success in this approach is demonstrable from the evidence set out at **APPENDIX A**. The approach has resulted in measureable benefits and the critical success factor is a mutually shared business case between two or more partners.
- 2.6 Examples of the successes so far are encapsulated by the examples highlighted below:
- The shared Personnel and Payroll Service with Stafford Borough Council has meant that the Council avoided significant purchase and development costs for a system of its own.
 - The shared financial system with Solihull Metropolitan Borough Council has enabled support costs to be fixed in the long term, reduced the resources needed to develop the system and accessed more knowledge about the system which in turn aids its exploitation.

- The combined Health and Safety Service with Stafford and Tamworth Borough Councils has brought about operational efficiencies through synergies in areas such as training and policy development.
- The development of the shared Waste Service with Tamworth Borough Council will bring about a mutual reduction in costs due to the operational efficiencies that can be achieved.

3. Community Benefits

3.1 The establishment of shared services is designed to improve the way in which the Council operates and to deliver benefits in terms of financial returns and improvements that meet and address customer needs. The benefits achieved are described in more detail at **APPENDIX A**.

4. Recommendation

4.1 That the Committee reviews the progress in managing and delivering the Council's portfolio of shared systems and services.

5. Financial Implications

5.1 The projects are designed to deliver financial benefit through one or more of the following benefits; avoidance of future spend/investment, revenue income to the Council for supporting another authority and/or mutual reduction of costs due to economies of scale.

6. Strategic Plan Implications

6.1 The move to the increased use of shared services and systems fully supports the strategic priority to "Provide great value services that are centred on customer needs"

7. Sustainability, Human Rights, and Crime and Community Safety Issues

7.1 The impact on these areas is assessed as part of the individual delivery of the projects.

8. Risk Management Issues

8.1 The high level risks relevant to the development and management of shared systems are set out below:

Risk	Likelihood/ Impact	Risk Category	Countermeasure
Partner relationships are not compatible and conducive to joint working.	Low/High	Social	Effective dialogue between partners as part of the development of the business case.
Technology platforms are not compatible.	Low/ Significant	Technological	Review of platforms as part of the development of the business case.
There are not mutual benefits for each partner.	Low/High	Financial	Development and approval of formal business case documentation for all partners.

Background Documents:
Improvement and Efficiency Strategy

APPENDIX A: LDC Shared Services/Systems (Overview)

Service ¹ / Partner/ Start date	Scope of arrangements/Benefits expected from arrangements	LDC: Prime business driver at inception	Benefits Realised/Activities Delivered/Service Update
HR and Payroll Stafford BC 2008	Shared system and delivery <ul style="list-style-type: none"> • An options review chose a partner who had invested in a solution, developed it and refined the application. This avoided up to 200k of investment. • Working in partnership shares knowledge with both parties and increases resilience. • The relationship opens up access to new technology and functionality e.g. self service for managers and employees that will improve processes for the service area. 	Avoid capital spend on new systems and access modern system with fully integrated HR and payroll	The main highlights include: <ul style="list-style-type: none"> • An up-to-date computer system (Chris 21 system) which provides direct access to service managers, who have much more accurate information. • Direct employment costs to LDC have fallen by 23kpa as a result of the shared service, capital investment costs in a new system have also been avoided, which may have been as much as 200k. The costs associated with licensing, maintaining and upgrading the old system have also been removed. Overall revenue costs have seen a fall in areas such as personnel costs and licences, this has been offset by new payments to Stafford BC. • Joint development of the system is now being undertaken rather than one authority having to bear the costs of upgrades etc.
Audit South Staffs DC 2008	LDC manages Internal Audit functions at both Councils. <ul style="list-style-type: none"> • Income generation for LDC • Sharing best practice between the two authorities 	To enhance the range of skills available to both Councils, reduce net cost to authority and improve resilience of team	Key highlights include: <ul style="list-style-type: none"> • Income generation is about £24k per year. • Joint team meetings are held and best practice discussed and shared between the teams. LDC has been able to assist South Staffs (SSDC) on a recent surveillance operation. This would not have been possible had we not been working together. This option is available to LDC as and when required. • We have also undertaken 20 days of planned time for each other, to ensure that there is a saving in time, due to using the expert in the relevant areas. • Access to IDEA (Audit software) with associated expertise at SSDC contributes to an enhanced skill set across both authorities which improves capability and service quality. • Working processes are now aligned to ensure consistency between the 2 teams. Audit Programmes are shared between the 2 teams to

¹ Bold indicates who is the lead partner in the case where it is not Lichfield District Council.

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			save time in devising new ones from scratch.
Emergency Response Cannock Chase DC 2005	Out of hours emergency contact point: <ul style="list-style-type: none"> Enhanced resilience Avoidance of increased costs through developing/delivering our own service. 	Most cost effective option offering resilience	Emergency out-of-hours calls taken through Cannock DC 24 hour control centre. Ongoing on a stable footing. The initial change saved approximately £2kpa, which over five years represents a saving of 10k.
Health and Safety Stafford BC and Tamworth BC 2007	LDC provides management and support at all locations. The benefits to be delivered included: <ul style="list-style-type: none"> Increased capacity and joint working across all the authorities to generate a reduced incidence of accidents to employees and the public. Reduction in risk of injury to employees and the removal of associated costs for the councils. A shared service providing all three councils with extended professional cover and resilience. Greater opportunity for shared procedures and systems, easier transferring of best practice between councils, improved procurement of training courses, greater likelihood of full attendance at paid for training courses etc. 	Increase capacity and resilience through joined up working	Key highlights include: <ul style="list-style-type: none"> Lichfield and Tamworth went live February 2007, Stafford came on board November 2008. The original vision was to increase the resilience of the Councils health and safety function (prior to the change the Council employed one specialist covering health and safety), we now have 2.7 posts (between three Councils) which means during periods of training, annual leave, flexi, meeting attendance or sickness the function still has an Advisor available. Also we are now able to easily transfer safety related systems, procedures etc. between Councils to prevent duplication of work and increase safety related efficiencies. In addition training courses are now filled to capacity thus reducing unit costs per delegate. We plan to develop the service still further and to look at joint procurement of health and safety related contracts such as fire extinguisher testing, fire alarm maintenance contracts, legionella and asbestos monitoring etc. This will deliver further efficiencies for all three partners. There is a net financial benefit to LDC as the Council receives a contribution towards management costs.

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Building Control Tamworth BC 2009	LDC delivers the service on behalf of both authorities <ul style="list-style-type: none"> In light of reducing demand due to the economy, the 'Chargeable' Building Control service was facing a forecasted deficit of £67K in 09/10 amounting to over £200K over three years. The economies of scale now result in the service being on target to recover all its costs and therefore running at zero net cost to the council. The non-chargeable Building Control Services have seen increased workload due to new government statutory schemes and improvements in services such as the 24/7 call-out for dangerous structures. The shared service has enabled us to deliver this and meet our overall efficiency target which for this year was to reduce costs by £9K. 	Increase income and joint capacity	The main qualitative and quantitative benefits secured are set out below: <ul style="list-style-type: none"> The larger shared service enables Building Control to work closer with customers from the start of the process to make sure that the built environment is healthy and safe, sustainable and accessible to the whole community. This ensures we discharge our responsibilities to ensure that every building project in the district meets national building standards. As a result of the shared service the fee earning part of the business is stronger, operates efficiently, at zero net cost to the council. The service is larger, more flexible and is able to meet all customer needs. The fee earning, competitive part of the business is able to compete better against private companies. The non-fee earning part of the business is being delivered at lower cost to increased standards, such as the 24/7 dangerous structure call-out service. The new service provides increased resources for training staff, particularly focused on changing legislation for fire safety, building energy needs analysis and carbon reduction methodologies. We provide a consistent service across the district boundary which helps customers plan their business and building project needs with greater accuracy through one provider. Staff gain greater experience on a wider range of projects. For example, the new Training Academy in Tamworth. We have taken the best from both services. For example Tamworth now has an ISO 9001 Quality Assured service, and we used some of their inspection procedures. Staff development was improved, the larger geographical area created opportunities for additional responsibility. We are in a position to extend the shared service as business opportunities arise.
Waste and Recycling	Joint delivery of waste and recycling. <ul style="list-style-type: none"> Expected significant reduction in net costs to the two authorities. 	Reduced costs through greater efficiency	The key highlights and actions completed/expected include: <ul style="list-style-type: none"> Simultaneous approval by both councils on 7th July 2009 for forming a Tamworth and Lichfield Councils Joint Waste Collection Service.

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<p>Full Joint Service with Tamworth BC</p> <p>Projected start July 2010</p>	<ul style="list-style-type: none"> • Changes to the delivery of the service that provide the customer with enhanced options and also help the authorities keep pace with changes to the national landscape on recycling. • Increased capacity and resilience. • One point of contact for telephone enquiries with LDC Customer Services responding on behalf of both authorities. 		<ul style="list-style-type: none"> • Go live date confirmed as 5th July 2010 • Savings projected at £650k per annum for both authorities, shared pro rata to households served, and starting 2011/12. No savings in 2010/2011 as the budget includes an allowance for redundancy costs. • Convergence of service delivery (standards and delivery mechanism) underway with key activity being a move from dry dual stream dry recycling boxed collection collected weekly (green box), to a co-mingled wheeled bin collection fortnightly (blue bin). Lichfield District households all moved to this system in the autumn of 2009. The cost of implementation was partially funded using LPSA reward grant and West Midlands regional Improvement and Efficiency Partnership grant. • The blue bin system was trialed with 1200 households in Lichfield during the spring of 2009 and this helped both councils to select the final system which was implemented across both districts. The households were surveyed for satisfaction with the new system and very high levels of satisfaction were recorded. Feedback since the system was extended across the whole of Lichfield District has been overwhelmingly positive. The Lichfield District Blue Bin system savings based on experience of full service 3/11/09 to 22/01/10 were 16,000 km, £20K and increase in recycling tonnages of 489, and a reduction in residual tonnages of 181. In a full year the service anticipates savings of £97k, this compares to a target set in our efficiency programme of £80k in the first year. • Other convergence changes include amendments approved to our policy for additional residual waste capacity for larger households and those with children who are still in nappies. The Lichfield District policy was brought in line with the Tamworth policy. • A project board comprising Chief Executive, Portfolio Holders and Leaders of both Councils meets monthly to review progress on project implementation and the first formal meeting of the Lichfield and Tamworth Waste Collection Service Joint Committee took place on 25th January 2010.

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			<p>The meeting agreed Cllr Garner (Tamworth) as chair for the first year, the constitution for the committee, the financial forecast for 2010/11 and 2011/12, the service standards and delivery arrangements for the new service, the proposed staffing structure and actions required to achieve this structure, and the procurement of two vehicles on contract hire to enable the service to operate.</p> <ul style="list-style-type: none"> All in all the new arrangements offer an opportunity to review and improve processes leading to greater efficiency. This will be especially true in relation to the joint delivery of customer services through Lichfield Connects which has required processes and support infrastructure to be reviewed and re-engineered.
Financial Systems Solihull MBC 2009	<p>Hosting of Oracle FMS and joint future development.</p> <ul style="list-style-type: none"> Reduced cost to the Council as we will no longer be solely responsible for upgrading, supporting and maintaining our own system and its associated infrastructure. Typical direct cost to LDC of an upgrade is £60k together with the internal costs of managing and implementing the upgrade. In future, we will only make a contribution towards the costs Solihull will incur for their system and this will be much lower in cost terms to LDC. We will have access to more diverse skills because Solihull has IT specialists that support the system. The solution is more resilient because of the resource capacity of a larger organisation. The joint development opportunity allows us the opportunity to buy into 	<p>Improved resilience and potential to exploit all Oracle has to offer</p>	<p>Recent highlights include:</p> <ul style="list-style-type: none"> Systems are now in place and Finance Team Members are becoming familiar with the new look and feel. Development work is under way with SMBC to provide improved standard reporting for managers. A formal process is in place to oversee changes, aid the process of joint development and provide for shared learning. The infrastructure is working well and the link is stable. This in itself provides opportunities to do more with SMBC and one area under consideration is disaster recovery. Avoidance of approximately £60k of cost associated with the ongoing upgrade of the system to version 12. This is accompanied by a reduction the level of associated testing and business interruption such upgrades cause.

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	other back office solutions and integrations using the dedicated secure comms link. Using SMBC infrastructure saves investment and maintenance costs.		
GIS ² Stafford BC 2009	<p>LDC manage the GIS functions for both authorities using the same technology platform. Important points to note are that:</p> <ul style="list-style-type: none"> • The arrangement provides income for LDC through providing knowledge/expertise and management skills. • There are mutual opportunities to reduce licence costs and maximise the use of the same technology platform. • There are opportunities to develop the relationship to look at a fully integrated Shared Service by extending the arrangement through the development of a joint business case which will be prepared by October 2010 	<p>Increase income and promote use of common system. Reduce Net Cost of Services in both Councils</p>	<p>The service has conducted a review after the first year of joint operations, the main highlights from the LDC perspective are:</p> <ul style="list-style-type: none"> • The generation of a small income stream into LDC for the support provided. • Enhanced system knowledge through working with other teams outside of LDC. • Ability to plan for joint working in ways that minimises duplication of effort, e.g. integrations can be used in both authorities requiring only one piece of development work. • Further scope to move to a full shared service, rationalise the IT licensing aspects and lever procurement savings.
ICT Staffs Moorlands/ High Peak/ High Peak Housing	<p>Outsourced ICT service via Serco. Procurement under way for a new service serving four public sector bodies.</p>	<p>Improved service, cost savings and joint development.</p>	<p>As one of the Council's first attempts at shared services the partnership has delivered consistently over a seven year period. In terms of a brief update, key points of information are:</p> <ul style="list-style-type: none"> • The day to day management of ICT remains with Serco and the strategic direction remains with the Council. The service is far more stable with the network and applications being reliable and usually available when required.

² Geographical Information Service

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2003 Re- tendered 2010			<ul style="list-style-type: none"> • Serco have introduced processes and procedures around incident management and change control that a single district on their own would have struggled to implement and this has been a major contributing factor towards the ICT environment being more reliable. Comprehensive monthly service level reports are sent to both the internal client team and also to the council management team. The management of the contract was audited during 2008 with no recommendations for improvement being given. • For the first time during 2009 the council took part in the independent Socitm customer satisfaction benchmarking exercise and the responses given by staff put the council above average in terms of overall satisfaction. As part of a peer group of ten authorities and housing associations the council scored the best result for meeting managerial needs and responsiveness of ICT staff to changing needs and came second in the peer group for how well ICT supports the delivery of high quality services to customers, political and senior management commitment to ICT, effectiveness of monitoring ICT unit's performance in delivering services to you and how well the ICT unit is managed in the organisation. • The existing contract with Serco came to an end on the 31st March 2010 but is subject to a short term extension. Lichfield District and Staffordshire Moorlands chose to continue the partnership and to let a new contract. Through their strategic alliance, Staffordshire Moorlands are extending the arrangement to include High Peak Borough Council, High Peak Community Housing and Visit Peak District. High Peak Borough Council has undertaken an options appraisal and judged that outsourcing their ICT function is the best future direction for them. This adds more opportunity for economies of scale to be achieved by providing the private sector with a greater contract opportunity. • The procurement exercise is nearing completion and contract award is expected in early Summer 2010.

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Business Support Tamworth BC 2009	Business Support Services. Improved customer benefit and greater impact on business.	Mutual working given geographic relationship, also additional skills available to LDC via TBC	<p>The Shared Service with Tamworth on Business engagement is working well and has achieved much in a short time, the recent highlights are those set out below, and the success demonstrates that the option chosen for delivery has achieved a saving and is delivering a better service to the business customer:</p> <ul style="list-style-type: none"> • Establishment of a new Business Forum to feed business views into the work of the BEP • Expansion of the Business Brief publication to cover both Tamworth and Lichfield District businesses (5,500 total) in collaboration with a local marketing company. There has been excellent feedback and demand from businesses to include news and stories. Part funding from advertising and sponsorship has also been achieved and looks set to grow. • Local economic priorities have been assessed and reviewed and a Delivery Plan for the combined partnership developed • An integral role has been taken in the development of the Think Local initiative to encourage local sourcing, procurement and better coordination of business support across Staffordshire. • In collaboration with East Staffs BC, another successful Winning Business conference and exhibition was organised at Drayton Manor. • Productive working relationships with both Tamworth and Lichfield Local Strategic Partnerships (LSPs) have been established, with firm links to both Sustainable Community Strategies and proper performance reporting. • Funding from both district LSPs has been secured to support the development of a Business Engagement Strategy across the LSPs, which will be coordinated through the BEP, along with the immediate delivery of quick win actions. • Tamworth and Lichfield were jointly involved in the successful inaugural Midlands Business Awards in November 2009, which celebrates the success of businesses across the region. Both councils sponsored a community support award for their respective areas. • Both Council's have also collaborated on responses to policy

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			<p>initiatives at the sub-regional and regional level, including inward investment and business support strategies and the approach to the new Local Economic Assessment duty.</p> <ul style="list-style-type: none"> • Net reduction in direct costs to LDC through the new arrangements which has arisen from sharing management resource across two authorities.
Print Services Walsall MBC 2010	Temporary support for LDC print requirement enabling savings and efficiencies.	Increased capacity and reduced unit costs	<ul style="list-style-type: none"> • Decreased costs to LDC. • Improved production and delivery times. • Improved quality control. • Increased business resilience. • Release of accommodation space for other purposes. • Elimination of purchasing requirement for consumables and equipment lease.
Burntwood Local Office Staffs CC 2010	LDC enquiries dealt with by SCC employees at local library.	Closer working, greater efficiency and improved customer experience.	<ul style="list-style-type: none"> • Improved customer service. • Single point of contact. • Standardised service delivery through a Service Level Agreement • More efficient use of employees. • Extended opening hours for the customer.
Adult Social Care Staffs CC 2010	Delivery of SCC services by LDC at Frog Lane. Initially around supply of 'Blue Badges' (Planned)	Improved support to customer through single point of contact.	<ul style="list-style-type: none"> • Joined up approach to service delivery. • Single point of contact for the customer. • Process Review to reduce processing costs. • Improved ability to share customer information around wider customer requirements (Link of disability to other services). • Contribution to LDC management costs from SCC.