

SUBMISSION TO STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

Date: 9th November 2010

Agenda Item: 6

Contact Officer: Steve McQuade

Telephone: 01543 308119

SUBMISSION BY CLLR C GREATOREX, CABINET MEMBER FOR ORGANISATIONAL DEVELOPMENT

SHARED SERVICES/SYSTEMS SUMMARY REPORT

1. Purpose of Report

- 1.1 To provide the Strategic Overview and Scrutiny Committee with an update on the Shared Services and Systems that the authority has in place or in development.

2. Summary

- 2.1 The Committee considered a report on shared services and systems at its meeting on 22nd June 2010. After scrutiny of the Council's performance in this area, the Committee requested that an update be provided at 6 monthly intervals.
- 2.2 The table at **APPENDIX A** provides an update on the progress of the Shared Services/Systems arrangements that are in place.
- 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.
 - Improvements to the service.
 - Difficulty in recruiting and retaining relevant managerial or technical skills.
 - Improved business resilience.
- 2.5 The success in this approach is demonstrable from the evidence set out at **APPENDIX A**. The approach has resulted in measureable benefits. The critical success factor is seen as a mutually shared business case between two or more partners.
- 2.6 Evidence of the successes so far are encapsulated by the examples highlighted below:
- The Joint Waste Service for Lichfield and Tamworth, which as been delivered in accordance with the original plan, and on budget.

- Shared HR & Payroll with Stafford Borough Council has resulted in a more up to date software system and a saving of £23k per annum.

2.7 The work of the Expenditure Review 2010 includes looking hard for opportunities to make savings through developing shared services and systems.

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 For the Committee to review and comment on the progress being made in managing and delivering the 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 Protocols are in place to ensure that each of these areas are assessed within the delivery of each project.

8. Risk Management Issues

8.1 The following high level risks and associated counter measures have been identified in relation to partnership working on shared systems or services:

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 Document: Improvement and Efficiency Statement

Shared Service Report

Generated on: 22 October 2010



Cabinet Member: **Cllr Colin Greatorex**

Service/Partner	Scope of arrangements/Benefits expected	Prime business driver at inception	Start Date	Service Update
HR & Payroll	Shared system and delivery with Stafford BC. 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.	Avoid capital spend on new systems and access modern system with fully integrated HR and payroll.	01 Jan 2008	The main highlights include: 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. 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.
Out of Hours Call Monitoring	Out of hours telephone monitoring for urgent issues, service provided by Cannock Chase DC	Most effective option offering good value for money based on service level agreement	03 Jan 2005	Continues to be operated effectively, no significant issues from users and service developing incrementally
Health & Safety	Shared Health & Safety Service with Stafford BC and Tamworth BC. LDC provides management and support at all locations. The benefits to be delivered includes increased capacity and joint working across all the authorities to generate a reduced incidence of accidents to employees and the public as well as a reduction in risk of injury to employees and the removal of associated costs for the councils.	Increase capacity and resilience through joined up working	01 Jan 2007	The shared service provides 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. The Health and Safety Manager monitors the shared service delivery, meeting with all advisors once per week, fortnightly updates with the Strategic Director Organisational Development, and monthly update meetings with the relevant Heads of Service at both Tamworth and Stafford. Overall reviews take place twice a year, focused on improving services and prioritising policy development.
GIS	Shared GIS function with Stafford BC. LDC manage the GIS functions for both authorities using the same technology platform. Important points to note are that:	Increase income and promote use of common system. Reduce Net Cost of Services in both	01 Jan 2009	As a result of successfully demonstrating that the two Councils can work in partnership in this area, proposals are being developed for a full shared Geographical Information Management Service. The business

Service/Partner	Scope of arrangements/Benefits expected	Prime business driver at inception	Start Date	Service Update
	<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 the end of October 2010 	Councils		case is being built up based on cost reductions from a shared team, shared technology and shared processes.
ICT	Shared approach to outsourcing ICT support services with Staffs Moorlands/High Peak/High Peak Housing. Original contract commenced in 2003 and has recently been re-tendered.	Improved service, cost savings and joint development.	01 April 2003	As one of the Council's first attempts at shared services the partnership has delivered consistently over a seven year period. The existing partnership with Staffordshire Moorlands and Serco came to an end on the 30th September 2010. Through their strategic alliance, Staffordshire Moorlands have extended 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. Their involvement has created further economies of scale, and the new contract has been able to directly contribute savings to the 2010 Expenditure Review whilst maintaining the same service standards and creating greater opportunities for improvement.
Burntwood Local Office	LDC enquiries dealt with by Staffordshire County Council employees at local library.	Closer working, greater efficiency and improved customer experience.	01 Apr 2010	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	Delivery of Staffordshire County Council services by LDC at Frog Lane. Initially around supply of 'Blue Badges' (Planned)	Improved support to customer through single point of contact.		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. Service commencement has awaited clarification of new self assessment process by Staffordshire CC.

Cabinet Member: **CLlr Louise Flowith**

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Service Update
Waste & Recycling	<p>Joint delivery of waste & recycling with Tamworth BC.</p> <p>Expected significant reduction in net costs to the two authorities.</p> <p>Changes to the delivery of the service that provides the customer with enhanced options and also help the authorities keep pace with changes to the national landscape on recycling.</p> <p>Increased capacity and resilience. One point of contact for telephone enquiries with LDC Customer Services responding on behalf of both authorities.</p>	Reduced costs through greater efficiency	05 Jul 2010	<p>The Joint Waste Service for Lichfield and Tamworth District Councils was launched on 5th July 2010. The new organisation now provides all the Waste and Recycling services to approximately 73,000 properties across the two Districts. A total of 80 operational and support staff are directly employed in delivering the service which is based on 57 urban and 8 rural rounds.</p> <p>All staff are now employed by Lichfield District Council which meant that the workforce at both Tamworth Borough Council and at their waste management contractor Veolia Environmental Services had to be transferred across under TUPE Regulations. Four of the ex Veolia staff who are employed as drivers have opted to remain on their old terms and conditions</p> <p>The early indications are that the service is being delivered both in accordance with the Operational Plan and on budget. All rounds have been completed on the correct day including the interim arrangements which were needed to ensure residents didn't experience unreasonable waiting times between the two different collection regimes.</p> <p>Teething problems have been minimal and in particular the number of missed bins is lower than expected and this figure is now starting to fall. Except for a change in collection day residents have reported little or no adverse impact and as a consequence demand on the support services such as CRM has been within capacity and expectation. The smooth launch is testimony to the hard work and detailed planning undertaken by all the employees that have been involved in delivering the project.</p> <p>The development of the Data Transfer and Vehicle Tracking System (Bartec) is still ongoing and whilst there is a short delay on the fitting of hardware into the trucks good progress has been made on establishing the link to CRM.</p> <p>The organisation is now focused on reviewing the new service and its key performance indicators and also completing the roll out of the Bartec System. There are a number of key actions which follow the roll</p>

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				out of the service including the development of a Health and Safety Action Plan and updating the Business Plan. The shared service includes Lichfield Connects Customer Services resolving enquiries on behalf of residents in both Council areas.

Cabinet member: **CLlr Margaret Stanhope**

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Service Update
Print Services	Temporary support for LDC from Walsall MBC enabling savings and efficiencies.	Increased capacity and reduced unit costs	01 Apr 2010	Temporary contract is now in place and will be fully launched to all staff in October 2010. Work on the full tender will begin when a full year of trading has been completed. This is so the figures generated through this process, can inform the tender. So far feedback is positive, and work is remaining within forecast budgets.

Cabinet Member: **CLlr Michael Wilcox**

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Service Update
Audit	Shared Audit Function with South Staffs DC. LDC manages Internal Audit functions at both Councils. 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.	01 Jan 2008	This service has operated effectively, meeting the standards required by both Councils. Options for expanding the current joint working arrangement are currently being discussed at both Councils.
Financial Systems	Hosting of Oracle FMS & joint future development with Solihull MBC. 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	Improved resilience and potential to exploit all Oracle has to offer.	01 Apr 2009	We are currently in the process of testing Version 12 for live implementation over Christmas 2010. The second phase of the Version 12 project relates to implementing the enhancements that are part of this version with the aim of improving the service to end users and releasing efficiency gains to each partner. The cost to the Council of this upgrade will be circa £40k whereas if we had undertaken this upgrade on our own, the cost would have been in excess of £100k. This indicates one of the main benefits of

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	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 other back office solutions and integrations using the dedicated secure comms link. Using SMBC infrastructure saves investment and maintenance costs.			the relationship in that it not only reduces the cost, it shares risk with another organisation with the skills and capacity to undertake these types of complex upgrades.
Mortgage Administration	Administration of Mortgage by South Staffordshire District council		01 Apr 2011	Contract with current provider to end 31st March 2011. Currently in the process of agreeing service Level agreement and costs with South Staffordshire District Council. The savings for 2011/12 have been estimated at £6,900.

Cabinet Member: **Cllr Neil Roberts**

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Service Update
Building Control	Shared Building Control with Tamworth BC. LDC delivers the service on behalf of both authorities 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	01 Jan 2009	The first half of the year has been successful. The service has achieved its income and cost targets, and its performance targets. We have agreed to extend the period of the shared service to 10 years, rather than the current 3 years. Opportunities to further expand the partnership with other authorities are under discussion.
Business Support	Business Support Services shared with Tamworth BC	Mutual working given	01 Jan 2009	The Shared Service with Tamworth in respect of Business

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Service Update
	Improved customer benefit and greater impact on business	geographic relationship, also additional skills available to LDC via TBC		<p>Partnerships and support continues to go well building on the firm foundations established at the outset of the arrangement in 2009. Recent highlights are those set out below, and the success further demonstrates that the option chosen for delivery has achieved a financial saving and is delivering a better service to the business customer and residents of both Lichfield and Tamworth:</p> <ul style="list-style-type: none"> · Establishment of a new Business Forum to feed business views into the work of the Lichfield and Tamworth Business and Economic Partnership (BEP) · Distribution of the Business Brief publication to approximately 6,000 businesses in both Tamworth and Lichfield Districts with positive feedback and high demand from companies seeking to include articles. · Work on preparing a business engagement strategy has made good progress and the Strategy will be available shortly. · Work has commenced on preparing an Economic Strategy to inform future actions and interventions by the two Council's and their partners. · On the back of detailed work undertaken jointly with other stakeholders, a revamped Think Local has been formulated to encourage local sourcing, procurement and better coordination of business support across Staffordshire. · In collaboration with East Staffs BC, put together the Business Generator 2010 conference and exhibition (previously known as Winning Business) to be held in Burton on Trent this November. · Established improved working relationships with both Tamworth and Lichfield Local Strategic Partnerships (LSP's) to ensure better linkages between business and emerging strategies and actions. · Most recently the shared service has been heavily involved in work on behalf of Lichfield and Tamworth Council's and the BEP relating to the preparation of bids for Local Enterprise Partnerships (LEP's) covering respectively Birmingham, Solihull, Tamworth, Lichfield and East Staffs, and also separately Staffordshire and Stoke. <p>The shared service arrangement continues to produce good value for money based on the net reduction in direct costs to LDC and outputs/outcomes produced.</p>