

SUBMISSION TO STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

Date: 22nd March 2011

Agenda Item: 5

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**SUBMISSION BY COUNCILLOR 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 is procuring.

2. Summary

- 2.1 The Committee first considered a report on shared services and systems at its meeting in June 2010. After scrutiny of the Council's performance in this area, the Committee requested that they receive regular updates.
- 2.2 The table at **APPENDIX A** provides a progress update of the Shared Services/Systems arrangements that are currently 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 There are many reasons why the Council enters into such arrangements and 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 Going forward there is an increasing interest across the County in increasing momentum around building shared services and Members may have heard of an initiative known as Staffordshire One Place, this is a programme that is exploring sharing expertise to fully integrated services for Building Control, Development Control, Environmental Health and

Trading Standards, Revenues and Benefits and Legal services which involves all Staffordshire Districts and the County. We will continue to fully participate in this programme and where possible also work with the County on services where we could join together so customers have a better service and take out cost.

- 2.7 In addition the Council has an ongoing objective to investigate options for reducing costs through shared services as part of its Budget Reduction Programme.

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

Background Documents: None

APPENDIX A - Shared Service/Systems Report

Portfolio Owners Colin, Greatorex

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Benefits Realised/Activities Delivered/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 day to day operational issues and employee lone worker tracking, service provided by Cannock Chase District Council	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. Investigating enhanced homeless arrangements
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 included. 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. The sharing of information, policies, best practice, risk assessments etc to reduce the amount of duplication within similar services within neighbouring authorities.	Increase capacity and resilience through joined up working	01 Jan 2007	<p>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 (HSM) 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.</p> <p>Due to the diverse service areas of each Council (and as such risks requiring managing) different levels of support are required at each Authority. From a health and safety risk exposure perspective LDC requires greater health and safety support than Stafford and in turn the least level of support is required at Tamworth Borough Council. This is based on the number of "high risk" activities at each Authority conducts. Examples of "high risk" activities in the context of health and safety include services such as waste and recycling, construction projects co-ordinated by the Council, reservoir management, and management of parks / play areas and open</p>

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				<p>spaces, Leisure centres, theatres, ground maintenance and street cleaning etc. Lichfield District Council undertakes more of these types of functions than the other two Councils and as such a greater level of support is required at Lichfield.</p> <p>The Health and Safety Manager is also responsible for the risk management activities and insurance function at Lichfield District Council. The shared service at Tamworth and Stafford does not include either of these two elements.</p> <p>The agreement requires Tamworth and Stafford to pay Lichfield District Council for the direct costs. However both authorities fund their own support costs (for example IT, desk space, equipment, training, legal advice, admin, finance department etc).</p>
GIS	Shared GIS function with Stafford BC LDC manage the GIS functions for both authorities using the same technology platform. This was set up as a service contract, but the business case to move to a fully shared service has been explored.	Increase income and promote use of common system. Reduce Net Cost of Services in both Councils	01 Jan 2009	A proposal was considered to move to a fully shared service however the arrangement that Stafford have with Cannock for shared functions such as ICT meant that they choose to pursue a relationship with Cannock as opposed to Lichfield. The existing contract is being continued until the 31st March 2011 as planned when it will terminate.
ICT	Shared ICT function with Staffs Moorlands/High Peak/High Peak Housing for the procurement and operation of an outsourced ICT service. This is now provided by Northgate.	Improved service, cost savings and joint development.	01 Jan 2003	The new contact has been in place since the 1st October 2010 and will continue until the 30th September 2017 with an option to extend each year until the 30th September 2020. The contract is bedding in well with the transition phase largely completed. The next stage to explore efficiency opportunities with the partners to find ways of reducing costs and maximising the use of technological solutions.
Burntwood Local Office	LDC enquiries dealt with by SCC 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 SCC services by LDC at Frog Lane. Initially around supply of 'Blue Badges' (Planned)	Improved support to customer through single point of contact.		<p>From April 1st Lichfield Connects will be delivering Blue Badges and Appointeeships on behalf Staffordshire County Council, SLA in place and signed.</p> <p>This is forms part of the Staffordshire Cares Project being run by Staffordshire Connects Programme.</p> <p>In addition, residents will also be able to hand in applications for Concessionary Fares passes at the Council Offices.</p>

Portfolio Owners Louise, Flowith

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Benefits Realised/Activities Delivered/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 provide 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>	<p>Reduced costs through greater efficiency</p>	<p>05 Jul 2010</p>	<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 out of the service including the development of a Health and Safety Action Plan and updating the Business Plan.</p>

Portfolio Owners Margaret, Stanhope

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Benefits Realised/Activities Delivered/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.

Portfolio Owners Michael, Wilcox

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Benefits Realised/Activities Delivered/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 Nov 2008	Options for expanding the current joint working arrangement are still 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 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.	Improved resilience and potential to exploit all Oracle has to offer.	01 Apr 2009	The release 12 upgrade of the Oracle Financial took place over the Christmas period and went live as planned on 4th January 2011. The 'exploitation' phase of the project will commence in the near future when the additional functionality within this release will be evaluated and implemented.

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Mortgage Administration	Administration of Mortgage by South Staffordshire District council		30 Sep 2010	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

Portfolio Owners Neil, Roberts

Service/Partner	Scope of arrangements/Benefits expected	LDC: Prime business driver at inception	Start Date	Benefits Realised/Activities Delivered/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 service remains successful. The service has achieved its income and cost targets, and performance targets. Customer satisfaction is 97%. The service is looking to invite other partners to join to improve resilience
Business Support	Business Support Services shared with Tamworth BC Improved customer benefit and greater impact on business	Mutual working given geographic relationship, also additional skills available to LDC via TBC	01 Apr 2009	The Shared Service continues to develop to embrace a number of new challenges and issues. The establishment of a Greater Birmingham with Solihull Local Enterprise Partnership (LEP) within which Lichfield and Tamworth both sit has resulted in the shared service taking on more responsibilities and an enhanced workload. This is in addition to continuing to deliver goals previously agreed in respect of the two Council's economic development ambitions being members of the Lichfield and Tamworth Business and Economic Partnership (BEP) and Southern Staffordshire Partnership. Since October 2010 the shared service has progressed a number of tasks and in doing so raised its profile locally particularly within the business sector. Regular contact between public and private sector partners is on-going and increasing with the need to address issues around the state of the local economy but also in responding to the new Central Government driven agenda as it applies to creating new jobs and private sector wealth opportunities at the local level using locally-based solutions.

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				<p>Key work areas that the shared service have been or are involved in include:</p> <ul style="list-style-type: none"> - facilitated with partners a successful Business Generator Conference and Exhibition in Burton-on-Trent in November 2010 attended by approximately 600 business people. - commissioned a Business Engagement Strategy to inform future ways of working with the business community - commenced work on an Economic Strategy - input into the emerging Greater Birmingham with Solihull LEP - influencing the working processes and procedures of the LEP and ensuring that the objectives and aims of Lichfield and Tamworth are captured in the work programmes of the LEP. In addition, the service has played an active role in promoting the Regional Growth Fund, submitted bids, supported bids by third parties and also assisted in an appraisal process assessing the suitability of schemes against LEP priorities. - continuing with the quarterly business brief publication disseminating news about business and the economy across the BEP area - briefing the business community on emerging national and local policy with regard to economic development matters and providing advice and guidance. - Further developing the Think Local 4 Business brand being a key tool in promoting local business to business activity and highlighting other opportunities to strengthen the local economy.