

STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

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Agenda Item: 5

Contact Officers: Rita Booth/Colin Cooke
Telephone: 01543 308100/121

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 in development.

2. Summary

- 2.1 The Committee first 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 on progress be provided periodically.
- 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. 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 The table shows that there is a new shared service in place with Staffordshire County Council to provide Procurement support and that the Building Control service is extending its remit to include South Staffordshire District Council. We have also started providing Conservation and Urban Design advice to Walsall MBC.
- 2.7 The Council has an ongoing objective to investigate options for reducing costs through shared services as part of the drive for savings and this work continues wherever there is a viable business case. There is also a programme in place at County level through the 'Staffordshire One Place' initiative which is exploring opportunities for shared services in a number of areas across all of the local authorities.

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 The Committee is asked 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

Shared Service Report November 2011

Cabinet Member Cllr Louise Flowith				
Service/Partner	Scope of arrangements/ Benefits expected	LDC: Prime business driver at inception	Start Date	Benefits Realised/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>	Reduced costs through greater efficiency	05-Jul-2010	<p>The Joint Waste Collection Service for Lichfield District and Tamworth Borough Councils has now been operating for nearly fifteen months since its launch on 5th July 2010. The service has continued to provide 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>The service is responsible to a Joint Committee comprising of the Leaders and Portfolio holder of each Authority, together with the Chief Executive and responsible Director from each Council. The Committee meets at least twice a year and agrees the annual Business Plan which becomes the Operational Plan for the service.</p> <p>The service is being provided in accordance with this Operational Plan and particular highlights include the success of the initiative to match collection resource to the seasonal variation in organic waste and the way the service coped with the bad weather last Christmas.</p> <p>The savings for Lichfield District from the Joint Service were set at £0.250m per annum and this target has been achieved with savings rising to £0.372m per annum by 2013/14</p> <p>Reducing the number of missed bins has been a key target for the service and managers have worked closely with the crews to ensure high standards are achieved. The number of missed bins has fallen significantly from 5.5 per 1000 bins in July 2010 to 1.12 per 1000 bins in August 2011. As a consequence this has helped reduce the number of calls received by the call handling team to the lowest level since the joint waste service started. Both authorities have also seen further improvements in their landfill diversion and recycling performance.</p> <p>The Business Plan for the service has been updated and the organisation will focus on a number of key tasks for improving service delivery standards and efficiency and these include a review of the rounds and improvements to the health and safety plan.</p>

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				The success of the Joint Waste Service has already received recognition with the service winning the Team of the Year award at the National Recycling Awards in July.

Cabinet Member Cllr 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 January 2008	The service continues to perform satisfactorily and the savings originally identified in both employee and system costs have been realised. A service review is taking place given that we are 3 years into the contract to ensure we continue to operate a value for money shared service.
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 January 2005	This service continues to operate effectively.
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 January 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. Overall reviews take place twice a year, focused on improving services and prioritising policy development. Due to the diverse service areas of each Council (and as such the different nature of risks requiring management) different levels of support are required at each Authority. The agreement requires Tamworth and Stafford to pay Lichfield District Council for the direct costs and a management fee for the service that is provided. However both authorities fund their own support costs (for example IT, desk space, equipment, training, legal advice, admin, finance department etc). This year there has been a full Health and Safety inspection at each of the 3

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				authorities which came out well and where the inspectors stated that the shared service arrangement had benefitted all 3 Councils.
ICT	Shared ICT function with Staffs Moorlands/High Peak/High Peak Housing. Outsourced ICT service via Northgate. Procurement under way for a new service serving four public sector bodies	Improved service, cost savings and joint development.	01 October 10	The new contact has been in place since 1st October 2010 and will continue until 30th September 2017 with an option to extend each year until 30th September 2020. It is bedding in well and a number of projects to improve efficiency/ systems are in progress. Meetings are being arranged with all the partners involved to explore any further savings opportunities from working together.
Burntwood Local Office	LDC enquiries dealt with by SCC employees at local library.	Closer working, greater efficiency and improved customer experience.	01 April 2010	This service has delivered more efficient working as well as extended opening hours for the customer. It continues to operate well.
Staffordshire County Council Adult Social Care & Health	Delivery of SCC services by LDC at Frog Lane. Development of a Customer Access Point at the District Office as well as direct delivery of the 'Blue Badge' Service.	Improved support to customer through single point of contact.		A Customer Access point has now been set up to assist in signposting people who have enquiries regarding the Staffordshire County Council Staffordshire Cares programme. This was successfully launched in the summer of 2011. The Council also now provides the 'Blue Badge' service to issue parking permits to disabled people on behalf of the County Council, although the processes that sit behind this are currently going through a national review. In addition, residents are also able to hand in applications for Concessionary Fares passes at the Council Offices and these are then issued by the County Council.
Procurement	Procurement Advice and support provided by Staffordshire County Council through a Service Level Agreement	Reduction in support costs for LDC whilst giving access to a larger team of Procurement Officers with more specialist skills	1 October 2011	The Council's team of two part-time procurement officers have moved over to Staffordshire County Council's procurement team. We are now buying back a service which gives access to a much larger range of skills at a reduced cost, enabling a saving of £25,000 p.a. to be contributed towards the Council's Budget Reduction Programme.

Cabinet Member Cllr 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 (Moving to become Southern Staffordshire Building Control from 1 January 2012)	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.	Increase income and joint capacity, increased business resilience. Low non-chargeable costs. No fee increase	01-Jan-2009	<p>The service remains successful and has achieved its income and cost targets, and performance targets. The shared service has enabled us to meet our overall efficiency target which for this year was to reduce costs by £9K. Customer satisfaction is 97%.</p> <p>The service is looking to invite other partners to join to improve resilience and the existing Building Control shared service will be extended to include South Staffordshire Council in 2012. This will maintain a competitive service within an overall cost limit (£270k over three years) through economies of scale.</p> <p>It will deliver the chargeable services at zero net cost to all three councils, reducing risk. It will also deliver non-chargeable work at the lowest cost possible.</p>
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	<p>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) and a Staffordshire and Stoke on Trent 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.</p> <p>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.</p> <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

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				<ul style="list-style-type: none"> - 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 as a key tool in promoting local business to business activity and highlighting other opportunities to strengthen the local economy.
Conservation and Urban Design	Conservation and Urban Design advice to Walsall MBC	Mutual working and increased income	March 2011	Provision of Conservation and Urban Design service to Walsall MBC realising £18K over the year. Currently exploring providing a similar service to Tamworth BC.

Cabinet Member Cllr 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	Support for LDC from Walsall MBC enabling savings and efficiencies.	Increased capacity and reduced unit costs	01-Apr-2010	A contract is now in place and has been in operation since October 2010. Savings have been made and so far the service is reliable and feedback is positive.

Appendix A

Cabinet Member Cllr 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	A revised service level agreement has been in place since April 2011, whereby both the Audit Manager and Principal Auditor at LDC provide audit management support to SSDC. The number of days provided has increased from 2 days to 4 days per week. This has resulted in cost savings for 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.