NORTH HERTFORDSHIRE DISTRICT COUNCIL

Investigation into the

potential for shared services

Report of the Overview and Scrutiny Shared Services Task and Finish Group
APRIL 2011

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Members of the Shared Services Task and Finish Group

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FOREWORD

North Herts District Council continually seeks to provide good quality services to residents, but it is increasingly apparent it cannot do so alone; it must seek alternative methods of working and delivering services to present value for money and one of the options available is to share services.

There are benefits to sharing expertise, particularly in professional areas of work to which it can be hard to recruit, and there are already known benefits, not only in the public sector, but also in the private and commercial sectors for the delivery of high volume transactional services by a single agency.

The Overview and Scrutiny Committee set up a cross-party task and finish group to consider what approach is already being taken with regard to shared services, what we have already established, including informal sharing and ad hoc arrangements. With that experience and that of others who have shared a number of local government services, the review sought to examine and conclude how we should take this agenda forward in the future and what tools should be available to the Council in order to do so efficiently.

This report therefore sets out the findings, evidence considered and recommendations reached, that we will present to the Council's Policy Portfolio Holder in due course.

I would like to this opportunity to thank the members of the Shared Services task and finish group for their contributions to this useful piece of work. I would also take this opportunity to thank officers who attended as witnesses to give a first hand account of their experiences investigating, negotiating, commencing and implementing shared services, as well as our external witness, himself a Director in a shared management team shared by two local authorities.

ACKNOWLEDGEMENTS

The Shared Services Task and Finish Group wish to thank the following officers from North Hertfordshire District Council:

- Norma Atlay, Strategic Director, Finance Policy and Governance
- David Scholes, Strategic Director, Planning Housing and Enterprise
- Liz Green, Head of Policy, Partnerships and Community Development (lead officer)
- Andy Cavanagh, Head of Finance, Performance and Asset Management
- Jim Brown, Policy and Scrutiny Manager
- Laura Lack, Policy Officer (scrutiny support)

All attended one or more meetings of the Task and Finish group, to provide information, advice and ideas that helped the Group to achieve their aims and objectives.

The Task and Finish Group are also grateful to our one external witness, Steve Bishop, Strategic Director of Finance for South Vale, a shared management team for both South Oxfordshire and Vale of White Horse Councils. His own experience of shared services from their infancy in 2006 was most valuable and provided a useful and honest context to the review of how sharing a number of services across different authorities can be made to work effectively.

1.   EXECUTIVE SUMMARY

1.1   In September 2010, the Overview and Scrutiny Committee established the Shared Services Task and Finish Group, with an anticipated start date scheduled for October 2010 . Due to a number of factors, including insufficient officer availability, the group were unable to commence the review until December 2010, and have now completed the review over four monthly meetings.

1.2   The Shared Services Task and Finish Group set a scope for their activity; this would identify the areas the group wished to explore, witnesses to interview and what they intended to produce – their outcomes – at the conclusion of the review. This scoping document can be found at **Appendix A** at the end of this report.

1.3   Part of the remit for the establishment of the group was to examine how a corporate approach to shared services could be achieved, and therefore the following points were addressed

- Which services are 'suitable' for sharing? Are there any which are not?
- What are the benefits and how can you measure those effectively?
- Which services are already being shared and how they are working
- Have we learned any lessons from existing shared arrangements
- What approach should the authority take in future? Should this be by a predetermined route, using a toolkit and if so, what would that look like?

1.4   Whilst the original scope of the review sought to provide a toolkit for officers and members to use in seeking and developing shared services, it became evident quite early in the review that a number of guidance and good practice documents are already in existence and that the group would need to review what they could provide, and what 'additional benefit' could be derived from the findings of this Task and Finish Group. It is clear that whilst there is a considerable amount of good practice and evidence of how sharing can work successfully, there are also a number of points of learning for future implementation, which this group have included in their conclusions and recommendations, with the hope that officers and members find these useful in their future shared service development.

1.5   This report outlines the discussion and findings from each of the four meetings, and makes a number of recommendations based on the conclusions arrived at by the Group. These can be found at Page.

2.   INTRODUCTION

2.1   **Review of Scope - Meeting held on 15th December 2010**

This, the first meeting of the task and finish group, sought to confirm the scope of the review, with discussion centred on a draft provided to attendees. It was agreed at the outset that this review was to focus on moving forward, planning for the future, and not to look back or duplicate work already being done. Due to the delay in the commencement of the review due to officer availability and prior commitments, it was agreed that it should be a thorough, but time limited process, not least as the drivers to share services had gained momentum in the intervening period too.

2.2   These preliminary discussions also identified that there were services which members did not necessarily feel should be 'shared' – Careline and housing needs services were cited in particular as being areas which should remain 'local' and within NHDC control. This issue of 'control' and measurement of impact would form part of the questions posed to witnesses to seek assurance that services would be governed appropriately post service sharing having commenced.

2.3   As the countywide project to explore shared services, Pathfinder, was drawing to a natural close, a number of members of the group asked if the review could have sight of and consider the content and implications of the **Shared Managed Services Contract** which had originated from Pathfinder. It was agreed this would be important in establishing a starting point of current and future work with other Hertfordshire authorities and would be included within the scope.

2.4   The issue of **compatibility of IT systems was discussed**; it was evident that there were a number of different platforms, programmes and operating systems available even within the 'same' type of service. For example, several authorities, NHDC included operate their financial services through Integra, others use SAP; how could such barriers be overcome, and sufficiently quickly to enable sharing of such services?

2.5   In terms of **witness support and evidence**, it was agreed to call on the knowledge of a number of areas within the Council where an element of shared services was already in place, covering all or part of a service or even provided on an 'ad hoc' basis; the group also wished to seek the views of those currently embarking on shared service provision to learn first hand the approach being taken.

Those services and witnesses would therefore include;

Building Control	David Scholes
Planning	David Scholes
Financial transactions	Andy Cavanagh
Internal Audit	Andy Cavanagh
Procurement	Andy Cavanagh

2.6   It was also agreed to seek a witness able to provide insight into the Shared Managed Services Contract; it was agreed that Norma Atlay, the Authority's Strategic Director with responsibility for shared services development should be asked to attend to provide this background information.

2.7   With these additions, the group approved the Shared Services Task and Finish Group

Scope, attached as **Appendix A** to this report.

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3. **FINDINGS AND EVIDENCE FROM NHDC WITNESSES**

3.1 Building Control

North Herts have been working in a 'shared services' partnership arrangement with Stevenage Borough Council in the provision of building control services for more than four years, an arrangement borne out of necessity since each authority had three surveyors each and were still required to provide emergency cover as situations demanded. The service therefore covers dangerous structures, scaffolding issues, response after major fire and general support to blue light services, ensuring safe access to buildings etc.

3.1.1 It was reported that the establishment of a good working relationship from the outset was key to the service being shared successfully, and being clear of what each party required from the arrangement. Barriers to the arrangement were few, as both could see from the earliest stage the benefits to be gained, but there were and continue to be differentials in pay and employment terms, as there are with regard to call out fees.

3.1.2 Physical proximity and geographic factors are important, especially when providing a rapid response in an emergency situation. Response times for officers, particularly those called to attend out of hours incidents, were manageable across two districts i.e. North Herts and Stevenage, whereas it could be difficult travelling across East Herts and Central or Mid Beds to the same timescales.

3.1.3 The scheme is successful, dealing with 30/35 call outs per annum, of which 12/15 occur out of hours. There have been no occasions when officers were unable to attend and feedback from the blue light services is very positive.

3.1.4 Members were keen to learn what arrangements were in place to ensure effective communication between the two teams. It was confirmed that an officer attending an incident would report immediately through their own manager and onward to their team, but equally that officer is required (and does) report to the manager in charge at the sharing authority. There is a commonality of approach, with policies and procedures between the two authorities being standardised.

3.2 Planning

The Group of Chief Planning Officers have reviewed all areas of their operation and identified some areas of specialism where services could potentially be shared – these include conservation and listed buildings, and back office services on validation of applications. There was greater difficulty in terms of seeking to share all planning services, as there is a distinct political dimension which do not affect areas such as conservation or back office validation to the same degree. The potential for conflicts is greater when managing planning services across two authorities, when there are political tensions with regard to support (or not) of large scale development.

3.2.1 These investigations had highlighted that once again the use of different IT systems can be a barrier, with three different systems in use, including Plantech favoured by North Herts.

3.2.2   As with Building Control, the task and finish group wanted to know if there were greater potential and opportunity to reduce costs further by 'buying in' additional business from more authorities. Officers confirmed that this could be possible, but much depends on a combination of factors; some of this being to establish what current volumes of work are, the setting of fees, and ensuring the level at which services 'break even'. A wide range of options were considered, not only sharing services but also the option to contract services out.

3.3   Licensing and Enforcement

This arrangement commenced in July 2010, providing a short-term temporary part time Licensing and Enforcement officer shared between North Herts District Council and Luton Borough Council to cover the western area of the district. Key areas of work undertaken by the officer were to deal with licensing and fly tipping. The North Herts Service had previously experienced vacancy rates approaching 50%, so it is an effective way in which to ensure resilience and continuity of service. There was also the additional benefit that training initiatives were shared and the arrangement has now been extended until the end of the year.   **The value and benefit of the arrangement can be measured by number of incidents/volume and individual transaction costs.**

3.3.1   Members asked whether there was scope to extend the service, across Beds and Central Beds perhaps. It was agreed that this was an area which could be included in any future review, but in terms of geographic limitations it was more likely that adjoining areas could work better than adding a single, more remote location such as Royston into the service agreement.
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3.3.2   There is a commonality of approach, as the activity undertaken is based on national and LACORs policies rather than solely based around local policy, and thus it is somewhat easier to consider and implement a shared service in this regard.

3.3.3   The group asked if there were any potential to extend the scope of the service provided, such as cover of noise call out. Officers confirmed that this was explored a year ago and much would depend on the call out rates for each authority and the frequency to which incidents escalated requiring a single officer to attend, which could be difficult to resource across a large geographic area. It was an area which could be revisited again in the future.

3.4   Internal Audit

The original county wide Pathfinder project is now disbanded and was replaced by a move to 'improved two-tier working'. The first major project in that two tier working model is to share Internal Audit Services across authorities, and this has made significant progress since October 2010; it is proposed to share this service between most Hertfordshire local authorities, although Dacorum currently has their auditing service outsourced.

3.4.1   The Shared Internal Audit Service (SIAS) will be hosted by the county council and it is hoped it will go live on 1st June. This will deliver the Audit Plan. The Service Level Agreement is key for this to work as NHDC's own audit service provides more of a consultancy function than in other authorities. Each authority will still control its own Audit Plan.

3.4.2   Members asked how the cost of any residual services (in addition to the SIAS) would be calculated and resourced. Further work would take place with senior auditors to delineate the range of service provision, which are core and which should remain.

3.4.3 Concern was expressed that the proposed service change would break the existing effective link between audit and risk which existed at North Herts, but officers assured the group that correct linkages were captured in the Service Level Agreement.

3.4.4 Governance of the SIAS would be handled by a Partnership Board comprising Section 151 Officers and would be officer-led. Some concern was expressed that there could be unintended consequences of having various responsibilities within the same span of control and being similar to 'contracting out' services.

3.4.5 Members also expressed concern that there are barely three months to get this shared service agreed and that the final business plan, potential costs and savings are still unknown. It was confirmed that NHDC would be looking to commit to the SIAS in principle as these details are yet to be agreed; if the costs are more than predicted there are still other factors to consider, including the mechanisms for 'soft issues' or how the authority would continue to cover areas which would remain outside the sharing agreement.

3.4.6 Officers reminded the group that official consultations began at the beginning of February with a deadline to commit to the SIAS as from 1st June 2011. NHDC were asked for their commitment in principle in January and, when sufficient detail is agreed, the SLA and set up costs (including staff contract changes and negotiations) would be confirmed. Staff, including NHDC officers, would be transferring to the new SIAS under their current terms and conditions.

3.4.7 It was asked whether the other local authorities joining the SIAS would be as 'open minded' as NHDC; officers felt that there was a general willingness to work closely together, although it is realistic to expect there would be further discussion on control, equity with regard to regard to level of input and outcomes, and that it is not yet known who would be approving decisions – the local authorities or the SIAS, or both. That area would become more clear shortly.

3.5 Financial Transactions

Moving on to the proposal of sharing financial transaction services, there are two potential strands for exploration here. The first is that the County Council has appointed SERCO as their shared managed services contractor; the issue for districts such as North Herts is that their first priority is toward services for the county and that districts/boroughs would buy into only 10% of its services. It would be important for NHDC to assess the potential benefits and costs of being in such a service before proceeding further, and there is a second option to consider too. This second 'offer' involves Stevenage and East Herts, where discussions have already begun with these authorities to assess service areas that can be shared, and those would include the provision of financial transactions.

3.5.1 In response to member concerns that this sounded very 'process driven', officers assured members that the best route to take was to investigate further the option of collaborating with Stevenage and East Herts; only by examining both options could we be certain of best value, not only in cost terms but the service provided too, which remains important.

3.5.2 There were concerns that Stevenage and East Herts already have a lot of synergy and it appears that NHDC would merely be joining this, and perhaps joining the party 'too late'. Whilst the tripartite approach of three authorities joining services is new, officers do not feel that there are any barriers which could jeopardise discussions progressing successfully.

3.5.3   There was discussion and concern expressed about the standardisation of the IT systems, particularly the time this could take which could hinder progress in sharing such process driven services, and whether this was accounted for in the cost analysis. The County Council favour and use SAP, which was not the most likely system to be used due to its expense; Stevenage and NHDC already utilise Integra, so the likelihood would be that East Herts would adopt this and thus the three authorities would share a common accountancy platform.   With regards to data migration, it has already been agreed that historical information will be available on a read-only basis; this will save each authority a considerable amount of time and expense transferring to new systems.

3.5.4   It was considered that there were areas within the remit of 'financial transactions' where the consolidation of what are currently three different systems and services into one should surely deliver savings – the example of council tax billing was one area suggested. There was no doubt that there could be some retraining of staff required in order to provide this service, but that could be included in the initial scope and business process review to ensure it is included. This was agreed and will feature in the discussions, but it was also highlighted that shared services are not simply about process or getting from A to B in the fastest direct route; there were many areas to be considered.

3.6   Procurement

By way of background, the former NHDC procurement officer left to take up a post at Stevenage and NHDC have since recruited a shared officer with East Herts, so good links between the three authorities have already been forged. It is hoped that the authorities can work together to form a 'procurement hub' - to share best practice and frameworks as well as have more purchasing power, reducing unit costs. It should be possible to buy items in bulk, such as paper, to make best financial savings, albeit the processes used in making those purchases would first themselves have to be streamlined.

3.6.1   A review of procurement contract rules for a uniform approach for the three authorities has got underway since the new procurement officer started in January, the intention being to rationalise and drill out unnecessary process, and thus help to drive down unit costs. Other Herts authorities could potentially join the scheme later, and whilst other public authorities who have significant buying power, such as schools could be potential partners in this initiative, it was also recognised by the group that this brings additional risks and could tie the authority to a wider range of agencies with variable capacity and or commitment.   However, provided the framework agreement currently under development is correct, this would preclude many of these perceived risks in the longer term.

3.7   Financial – general

3.7.1   As a recent internal NHDC Audit on Inward Investment had concluded that the authority was not seeking sufficient external funding opportunities as, unlike some neighbouring authorities, we do not have a dedicated grants officer, members asked if this was an area for potential to 'share'. Officers confirmed that this does not readily present as a sharing opportunity at present, since there is no comparative officer to 'share' and nor do the two authorities identified (NHDC and Stevenage) work in a similar manner in regard to grants. Whereas the grants system at Stevenage Borough Council is centralised, with bid writing and submission retained in a single officer post, NHDC is set up so that individual officers identify funding opportunities and place their own bids. This had been successful, as the recent lottery funding for Broadway and Howard Gardens schemes, alongside a number of

others, demonstrate. The issue of inward investment and seeking grants for projects would continue to be reviewed as part of the corporate business planning, and particularly budget setting process at annual review.

3.7.2   The question arose that whilst the authority is currently prioritising 'statutory service' delivery against those services seen to be discretionary, members asked whether officers had reviewed sharing discretionary services rather than ceasing their delivery?   There is a system to review all services, both statutory and discretionary, through the authority's Challenge Board process, which requires Heads of Service to review the entirety of their service for efficient ways of working, review of sharing services (both internally to NHDC and externally). It is not something which is currently being explored as the move by most authorities is to reduce their own individual input to discretionary services.

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4.   **EXTERNAL WITNESS EVIDENCE**

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Steve Bishop (SB), Strategic Director, South Vale described in detail the joint working and shared management team created between South Oxfordshire and Vale of the White Horse Councils and described their approach to shared services.

The process of shared services commenced on a small scale between South Oxfordshire and Vale of the White Horse Councils, primarily instigated by officers in the finance teams in 2006. That initial move produced a shared financial services team.

4.1   Members asked if there was any commonality in terms of how many officers were retained in post from each authority. Steve Bishop confirmed that this was not necessarily important, what was key was ensuring the skills and capacity required were available. That may mean 'more' officers retained from one authority than another, but that is where flexibility exists going forward and in addition, skills gaps can be addressed appropriately.

4.2   It was stressed that the move to sharing services should not be solely about making savings, as the focus should be about sharing costs and delivery at the agreed level of service.

4.3   Political compatibility was explored – was it important that both authorities were represented by administrations from the same political group to make this work? In this particular case, South Oxfordshire have a Conservative administration, Vale of the White Horse, Liberal Democrat. Representation and governance is ensured by having a joint member panel, three members from each authority's Executive, who share service initiatives and their progress. The important thing was communication at every stage, and to ensure each authority is represented appropriately, above political direction.

4.4.   In this example, members were informed that each authority had originally had different pay scales, an area which could have been difficult to resolve at the outset, so the principles of shared services have been applied first, with consultation on and move to aligning salaries following thereafter. It was generally the smaller authority (Vale of White Horse) which had lower pay scales. The important issue for both authorities in this regard was ensuring sufficient and regular communication in order that staff affected were aware that discussions were underway with regard to the 'levelling' of pay scales, especially for those carrying out similar roles or tasks.

4.5.   Members asked if IT and particularly compatibility of systems was a problem. It was confirmed that yes, as is often the case, the two authorities had each bought into a number of different systems in their development, so a five year programme is in place to harmonise IT use. That way, services can continue to be improved and the IT saving achieved through longer term strategic planning, albeit the most significant savings would present at a later stage.

4.6   In all considerations of shared services, the initial approach requires completion of a business case, but Steve Bishop advised that in their experience this should not be too detailed as that in itself can block progress. It need only be a consideration of

high level issues 'on the back of an envelope' if necessary, which then frames the discussions on detailed areas.

4.7   Members were interested to find out if there was any issue with 'visibility' i.e. how did councillors approach 'local' identity within each 'authority boundary', and about the visibility of officers too, who would be working across two districts, often at different locations from one day to the next. SB used the example that whilst the two authorities have a joint waste contract and financial benefits derived from that, each authority area still retains its own individual wheeled bins showing the authority crest; to the public, the front end of a service is seen to be delivered by 'their council' but the economies of scale can still be achieved in changed working practices.

4.8   There was discussion about whether elected members – from the Executive, backbench or opposition back benchers - had shown any opposition to sharing of services, and having been seen to be 'losing control'.   It was confirmed that there are occasions when opposition backbenchers from the 'South Vale' group were perhaps more evident in making such a challenge, but that is part of the natural challenge to any change in policy or service delivery and was to be expected.

        Visibility and accessibility of officers is not seen to be a problem – they are as easy to reach as formerly, and there is no demarcation in terms of an officer working say Monday to Wednesday at one office, the rest of the week at another, etc as their roles are interchangeable according to need and priority.

4.9   SB also highlighted that shared services can also work effectively alongside contracted out services, as in the example of CAPITA who run their benefits/council tax services. The performance of both authorities were formerly in the upper quartile for both benefit payments and receipt of council tax, but since moving to the contracted out service, it has been possible for CAPITA to push that performance higher still through the upper quartile.

4.10   Members asked about relative demographics, are the authorities combining services 'similar' and what about towns/settlements; is that something for North Herts to consider when sharing with other authorities who have less parishes, less towns etc? SB confirmed that South Oxfordshire is approximately 10% larger, has a population of around 135K, whereas The Vale of the White Horse has 120k residents. Both have their own settlements which people regard as their local 'town' – but whilst Vale has Wantage for example there is no council office there, whereas for South Oxfordshire Abingdon is their main town, and that does have an office, which can be perceived by residents from the opposite authority to be 'getting a better service'. It is important that the move to shared services in this regard is communicated effectively to residents, in order to manage their expectations and to stress that the delivery of services will not be different, even if the base from which they operate is.

4.11   Members asked about office space and travel across the areas – are teams split between buildings, for example? For 'South Vale', the approach to service managers at the outset was to determine which of their offices was the best base for each team, so finance and HR may be in one building, and audit in another.   There is no consistent pattern, it does depend on where officers operate and where necessary – perhaps with parking enforcement or planning – they will be located at an office local to where they operate most to reduce the need to travel. That element of sharing must be sufficiently flexible to meet local needs.

4.12   This raised the issue of need for officers and members to travel, with meetings being held in different locations and members also asked about the need to have sequential meetings if the authorities were, alternatively, using the same buildings. It was confirmed that as the authorities have a shared management team, it would be

necessary to have sequential meetings in any event, as the same officers would often be required at each. It would therefore be important to schedule a Cabinet meeting for one authority on a different day to that of the other participating authority.

4.13   Members recognised that in this example, the discussion on shared services and the driver to share came from officers based on resource needs, but should members have been involved, and if so, at what stage in those discussions – at the outset, or as in this case, once a preliminary plan had been developed?

It was confirmed that the driver in the first instance for The Vale of the White Horse had been not having had a Head of Finance at one authority, knowing that the adjoining authority did. It was therefore a potential area to explore; officers therefore met and discussed potential solutions, developed a very outline plan of how it could work together and agreed it with their Chief Executives, who also recognised the need for compromise. It was only at the point where that high level officer commitment became apparent that members were included in the next stage of discussions, perhaps three months into the process. SB felt that it was important to 'set the scene' first, and that would remain an officer task, but of course it was also vital that members were on board with the process at the earliest opportunity.

4.14   Members asked what would happen to the shared service arrangements if there were a change in the political party leading each authority, particularly where only two are in such an arrangement. SB recognised that in theory this could be difficult, existing arrangements could not be unpicked quickly to reflect such changes, but hopefully the fact that different political groups were already working well together would ensure continuity regardless of any subsequent change. The 'model' was established and that should remain intact.

4.15   Members of the group also asked about the management of 'the message', for example the communication that 66 managers were to be reduced to 37, and what the reality was in terms of savings which could be achieved. SB agreed this was a very important part of the process, and should be clear throughout to all parties what the intention is, the aspirations and timescales to move them forward. When you think you have told people enough, then it is best to tell them again just to make absolutely sure the message is consistent and timely.

4.16   Discussion returned to determining the best level of detail for business cases – experience and discussion with other officers had shown that a number of approaches fail or stall due to seeking to make these far too detailed and 'set' before discussions with other agencies commenced. Had 'South Vale' had a similar experience? SB agreed that this can be the 'sticking point' to starting discussions and the key thing is to keep it very simple and succinct, containing the main areas only.

4.17   Members asked whether 'South Vale' had sought to share services at county, or just the two districts? It was confirmed that officers had made that approach, but it was difficult as areas explored showed at very most a 10% reduction, and more had often been achieved through local arrangements; as SB understood the North Herts set up, this would be similar to our buying into a share arrangement with County, as they do not necessarily deliver the efficiencies initially anticipated..

5.	SHARED MANAGED SERVICES CONTRACT – WITH HERTS COUNTY COUNCIL AND OTHER HERTS AUTHORITIES

The countywide 'Shared Managed Services' (SMS) approach emanated from the former 'Pathfinder' approach to consider how authorities can work effectively together; indeed the SMS principle is to 'improved two tier working'.
The initial contract for the SMS is for a five year period, with districts being able to join at any point, with districts required to make an initial 'expression of interest'.

NHDC have now made that expression of interest and will now need to work through which services within the 'catalogue' on offer from SERCO, the authority can enter into effectively to achieve efficiencies and at the same time maintain effective delivery of its services. Norma Atlay, Strategic Director of Finance, Policy and Governance, is the assigned lead for the authority in those initial discussions.

5.1   It was confirmed that there are issues to be resolved in the development of such services, such as IT compatibility – as previously heard in regard to financial transactions, the County Council use SAP and others such as North and East Herts use Integra; SERCO, as contract managers, are therefore tasked to find suitable interfaces or other ways of joining up existing IT services to remove such barriers.

5.2   A report on the County Shared Managed Services model was made to the Council's Cabinet on 15th February, confirming that work was currently underway on sharing revenues & benefits services; work was progressing with regard to sharing IT projects (working with Broxbourne & Dacorum). A number of authorities, North Herts included, were also currently considering sharing other services including facilities management, HR, and IT infrastructure.

5.3   Using the Shared Internal Audit Partnership being developed through the County – the original participants were EH, NH & Stevenage, but these have now been joined by Hertsmere, Dacorum & St. Albans, so there is greater flexibility in terms of structures and the skills available to the service in the longer term. Much has been achieved in the last six months, but there are other additional strands to be explored, i.e. do the Heritage Foundation or similar agencies also want to participate?

5.4   Members were keen to know if the discussions to date had included consideration of merging authorities, not just their individual services. It was agreed this was possible but would need a significantly longer period of discussion and there would be greater barriers in terms of control or political difference to overcome too. Shared management teams, such as that at South Vale described above, are a future area for exploration and any shared officer role between authorities is potentially a possibility.

5.5   It was stressed that in all cases of sharing services, it is important to weigh up a number of factors, not only cost. There are individual component parts which need to be separated out, and even for those high volume transactional services such as Council Tax collection where it could be seen to be an easy win, there are currently different recovery regimes which first need to be addressed. Work on collection with Broxbourne & Dacorum is progressing, as it is undertaken under a national framework standard.

5.6   It was important to remember that in regard to the county model, district input and 'buying power' is so small in comparison to that of county, it can have little impact on costs and therefore other more local solutions and arrangements are being developed. As a measure of this, it is worth remembering that county employ 30,000 staff whereas the ten district employ just over 3,000.

5.7   **Guidance and toolkit for shared services**

Norma Atlay introduced this item; she recognised that an outcome of the task and finish group was to produce a toolkit for the authority, but it had already been recognised and discussed that there are lots of toolkits available already and we must ensure we are not reinventing wheels.   NA had brought along the first two modules of a Post Grad Certificate on Shared Services, sponsored by the Regional Improvement and Efficiency Partnership (RIEP) with no charge to participating authorities – this was an excellent toolkit which we are already applying in discussions with Stevenage and East Herts. The toolkit comprised three modules, each covering specific areas of sharing services.

5.8   The first module is a knowledge bank, which covers relevant legislative requirements of joining services, employment conditions of staff, TUPE regulations etc. A copy of the documentation is available to NHDC and will remain as a reference folder for officer/member use in the Strategic Director of Finance Policy and Governance office. There is further information available on the Canterbury and Christchurch website, where officers/members can find good practice examples and contacts for specific services they may be investigating to share.

5.9   The second module is referred to as the 'Architects toolbox', basically a routemap. This takes participants in shared service discussions step by step through getting understanding why you want to share a service, the drivers and agreement of that approach. The approach is likened to taking part in a rugby scrum – the scrum secures the ball, which is then passed to the programme manager to progress to the 'goal' –that being the efficient sharing of the service in the longer term.

5.10   The module also contains separate documents with regard to 'poisons and antidotes' – some suggested solutions if things go awry and again confirms a simple process for the assembly of a business case. The process is recognised to take up to 36 months from start to finish, although that would depend on the service being shared, number of partners etc so it is important that it is not delayed unnecessarily by detail which is not relevant at that time.

5.11   The third, and last, module released on 14th April, focuses only on the development of business cases, with over 30 tools, techniques and templates to apply across a wide range of services. This commences with the first introduction or 'examination' of ability to share a service, clear narration of the 'vision and the commitment' to share and development of trust between potential partners, as well as using visual techniques to demonstrate what that shared service would look like – what would be the customer experience, what could be the benefits or risks etc.

5.12   Members asked about the NHDC approach, and whether it was intended that officers and members be involved from the outset – would they both be involved in the 'scrum'? NA confirmed that in the case of Stevenage, East Herts and North Herts discussions, it was important to get the Leaders together first to determine enthusiasm for sharing services. The Chief Finance Officers had commenced discussions, the Chief Executives met last week and then the plans coming forward would be discussed in turn with members.

5.13 There was discussion on managing risk, and that the South Vale presentation had referred to everyone embracing risk but that it's not to be a barrier. NA confirmed that it was important not to be risk averse, that was key to success and that her approach as lead officer for shared services would be to encourage others seeking to share services to manage risk effectively, but not be unduly risk averse.

5.14 As much of the toolkit documentation was subject to copyright, it is not possible to copy and circulate the various documents to members of the review group, but it was agreed that members who are interested could borrow the documents for review and return them. It was agreed that this offer would first be made to members of the task and finish group, to review the documents in the members room and retain the toolkit on site for reference. At completion of the review, this invitation could be extended to other members, provided the documents remained available for reference during shared service discussions. The 'routemap' document in the front of the document was not copyright, so would be copied to members for their information in due course.

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6.   **CONCLUSIONS**

6.1   It was generally agreed that much had changed in the period between the Overview and Scrutiny committee scheduling a review of shared services to take place, and the latest position toward their individual development as described in this report.   There had been a step change in regard to seeking options for shared services, and within this review, members of the group discussed what had caused the increased momentum now when it had been clear that efficiency of service, reduced per capita costs for services had featured for so long in the previous 'best value' or 'value for money' regimes? It was accepted that external factors such as the instigation of the county Shared Managed Services Model, the need to gain skills which the authority could not recruit to and, perhaps more importantly, look to continue to deliver services even more efficiently post spending reductions had had an effect, but that it was important the message shared services are often a viable option and are undoubtedly 'here to stay' is communicated as widely as possible.

6.2   Whilst the original intent/purpose had been to develop a toolkit, it was evident there were already workable models and a wealth of guidance information already available. The Shared Services Task and Finish Group agreed they would therefore seek to add value to those existing processes with recommendations derived from their discussions.

6.3   The scope for the review identified a number of internal witnesses from a range of service areas and sought to ascertain the reasons why services were originally 'shared'. Members of the group were therefore keen to identify that there are almost two different types of shared service.

The first is a small local 'sharing' arrangement, where two adjoining authorities make best use of their existing officers being 'pooled' to cover out of hours arrangements, such as with building control at NHDC/SBC, or to cover recruitment gaps, as with the single enforcement officer from Luton. Whilst they are workable models and deliver benefits in terms of continuing services which may otherwise remain under resourced, they do not and cannot be expected to deliver the degree of benefits which truly 'shared services' i.e. high volume, transactional services can in the longer term.   The Task and Finish group therefore support the move to shared service delivery, and particularly in regard to this latter shared service group which it feels could radically reduce costs in the longer term.

6.4   IT systems, and particularly compatibility between authorities or external agencies is a common theme running through all the group's discussions both with internal and external witnesses. It will clearly be important to ensure that there is sufficient investment to ensure that relevant migration or purchase of new IT systems can proceed at sufficient speed to ensure that sharing of services takes place without causing undue delay to their implementation.

6.5   Whilst the Shared Service Task and Finish group wholly supports the move to shared services, or indeed shared management teams, there are clearly boundaries and services which the group felt could not necessarily be shared successfully. These are where there are not only geographic constraints, i.e. the two or more authorities wishing to share are so far apart that officer/member journeys are unduly long, but where there are potential policy conflicts.   This was seen to be more likely to occur in areas such as planning policy or development of policy, or even where the ideology

of authorities differs significantly. For example, one authority may be actively seeking large scale physical development and expansion, whereas the other seeks to retain its green space and rural areas. To attempt to share such areas could cause significant conflict not only for elected members but also officers, especially those who were in shared management positions. It was therefore agreed each shared service would need to be considered on a case by case basis, mindful of these areas of potential conflict.

6.6   It was evident from discussions with witnesses that being too risk averse, developing too detailed and rigid a business plan at the outset and being unclear what is included (or not) in a service can all hinder progress from the conception to agreement of a shared service. Members of the group discussed at some length what should constitute a business plan needed at the start of the process and is that indeed to be regarded as a 'concept document' which is sufficiently loose to commence and inform discussions, but which can be built on and fleshed out following agreement with other parties into a formal business proposal or plan. It will be important that such areas remain proportionate and relevant throughout the process for each service. The toolkit approach proposed for the authority should help in this regard.

7.	RECOMMENDATIONS

The Shared Service Task and Finish Group make the following recommendations in the light of evidence considered during investigation of moving to shared services, their benefits and risks;

7.1   That everyone who may be affected by the sharing of a service is involved in discussions at the earliest possible opportunity.

This must include officers, portfolio holders, staff and if necessary, customers, affected by any proposed change.

7.2   That the authority must be aware of, but not unduly averse to risks posed by sharing services.

There will inevitably be risk in any service delivery model, but what will be increasingly important is to understand that the very issue of sharing services, staff, and responsibility for delivery can be higher than that contained by a single delivery authority. Risk and its management must be addressed, but should not form a barrier precluding a service proceeding.

7.3   That the authority must ensure sufficient capacity to resource shared service project teams

Whilst many of the principles of shared services are about increasing efficiency, reducing individual resource commitments and ensuring savings, as with any significant project, its initial planning and implementation phases are vital to the schemes ultimate success. It is therefore important that time and capacity are assigned at sufficient level to ensure progress to agreed timescales.

7.4   That communication is key and must be central to the process

It was evident from discussion with several witnesses that communications and the frequency of communication is often variable. It is important to communicate clearly the purpose, aspiration and 'vision' in sharing a service to both officers, members and customers – many of whom are 'internal' customers – but it is equally important that those most affected by any change (staff/customers) are kept abreast of developments.

7.5   That the Authority promote and increase awareness among officers and members of the existence of the RIEP toolkit for use in future shared services discussions

This will ensure the Council achieves a consistency of approach in the consideration of sharing what are often quite different services in terms of content and delivery.

7.6   That the authority should ensure sufficient investment in IT systems and migration exists in order that IT compatibility does not hinder any potential for sharing services and achieving relevant efficiencies.