

CABINET MEETING
THURSDAY 25TH JANUARY 2007

Development of a Shared Services Strategy

OPEN	
COMMUNITY STRATEGY THEME	N/A
CORPORATE PLAN THEME	Delivering Quality Services
KEY PRIORITY	Improving Customer Service
CABINET MEMBER	Cllr Stephen Clee Leader
HEAD OF SERVICE	Walter Delin Chief Executive
CONTACT OFFICER	Walter Delin Chief Executive
APPENDICES	None

1. PURPOSE OF REPORT

- 1.1 To approve the development of a Shared Services Strategy as proposed in this report.

2. RECOMMENDATION

The Cabinet is asked to RECOMMEND to Council that:

- 2.1 **The approach to the development of a Shared Services Strategy as outlined in the proposals in Section 5 of the report be approved and a draft strategy be prepared for consultation with partners from 1st April 2007 or such other date as may be advised.**

3. BACKGROUND

- 3.1 The Government’s White Paper “Strong and Prosperous Communities”, the impending Lyons report on the funding of local government and the Local Government and Public Involvement in Health Bill 2006 are key drivers for improved partnership and two-tier working. The Government has said that “status quo” is not an option. There will be tighter budgetary challenges and a determination that Councils -including Wyre Forest - should achieve efficiencies and improve service outcomes. If, therefore, we are to achieve 3% efficiency targets as now required by Gershon we must continue to look to new and innovative ways of service delivery and back-office support.
- 3.2 Local authorities are democratically accountable and that gives us a distinctive leadership role in the local community to set a vision for Shared Services and to bring together different partners to achieve change and improvement. Shared Services are a cornerstone of any strategy to improve two-tier working across Worcestershire whether involving all six districts and the County or a combination of any two or more councils. Much work has already been done to significantly increase the profile of Shared Services with considerable awareness of the challenges and pitfalls involved.

3.3 There are a number of services provided by local authorities, particularly involving information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and ongoing operation of it. In the context of two tier working or partnership working the opportunities for Shared Services fall into two main areas:

- Support functions such as Accounting, Payroll, Procurement, Human Resources, Facilities, Information and Communications Technology (ICT). which all Councils need to support their core business and which are delivered within the organisation, rather than to the public.
- The common operational processes and systems that underpin front line services and which are duplicated across the District and County Councils organisations.

3.4 The Council currently shares services or has established partnerships for the following:

Service	Partners
Housing and Grounds Maintenance	Wyre Forest Community Housing
Leisure Services	DC Leisure
Community Safety	Police, Fire and Health
Children and Young People	Worcestershire CC
Disability Access	Worcester City
Care and Repair Agency	Bromsgrove and Redditch
Worcestershire Hub	Countywide
Tourism - Destination Worcestershire	Countywide
Council Tax Leaflet	Countywide
Concessionary Travel	Countywide
Computer Audit	Worcester City
CCTV	Bromsgrove
Procurement	West Mids Centre of Excellence
Business Continuity Planning	Worcestershire CC
Environment Enforcement	West Mercia Police
Benefit Fraud - Prosecutions	Department for Work and Pensions

3.5 We are also exploring other services and policy areas such as:

- Audit Management
- Risk Management
- Building Control
- Environmental Health
- Decriminalisation of On-Street Parking
- Litter Picking - Lengthsman Scheme
- 3rd Age Services

Printing & Design
Equality and Diversity.
Strategic Environmental Assessment

- 3.6 We have already considered Human Resources, Payroll, I.T. services, and of course Revenues and Benefits which have not been pursued because we have not been convinced that financial benefits would make sharing worthwhile.
- 3.7 It is now important that we redefine and strengthen our approach to Shared Services, especially in relation to complex operational processes and cultural issues which are difficult at the best of times. How do we network with other Councils and what guidelines are necessary to set up successful service delivery partnerships?

4 KEY ISSUES

The primary issues centre on the following questions:

1. Are we right to widen our view of shared services from joint working and informal policy groups?
2. Are there any functional or service areas we have not identified as potential shared services?
3. What do you see as the major risks associated with shared services?
4. How do we minimise or overcome these risks?
5. What could we do to strengthen and develop the case for shared services?
6. How do we gain support for shared services?
7. What should our long term aspirations be for shared services?
8. What methods could we use to help select and prioritise the potential areas for shared services?
9. What role does ICT have in promoting shared services?
10. What governance and programme/project management structures do we need to put in place to ensure effective implementation of a shared services strategy?
11. What options are available for raising investment needed to deliver shared services?
12. What can be done to meet the change management challenge presented by shared services?
13. What can we do to engage most effectively with employees and keep them fully informed of progress and respond to concerns?

14. What support/guidelines would be helpful in taking forward a shared service strategy?
15. What timescales would be realistic in adopting and implementing a shared service strategy?

5. PROPOSALS

The BuyIT Shared Services Advisory Group and Forum have advised the Government that Shared Services undertakings must have the following key elements in place to be successful:

- common, clear and compelling vision to provide the “pull” towards Shared Services
- strong, committed leadership
- burning platform for change
- governance model designed to enable fast decision making to provide the required “push”
- organisation-wide change programme covering culture, people, processes and IT both within and without the Shared Service operation
- learning from the best practices of others
- user-focused design, including a commitment to rationalisation and streamlining
- outcomes and continuous improvement measures rather than one-off delivery

Our overall vision for a Shared Service Strategy should have five fundamental elements that will underpin and support shared services that:

- are user focussed and personalised, organised around users and citizen needs and aspirations, not the convenience of the Council
- drive up quality and encourage innovation
- continue to improve efficiency and productivity
- are joined up and minimise separation;
- ensure strong accountability.

To achieve the vision the development and implementation of a Shared Services Strategy should be guided by the following principles. These have been drawn together from partnership discussions and research into best practice adopted elsewhere in the public and private sector:

- The Chief Executive, Heads of Service, senior managers and employees have an obligation to citizens to ensure that Council services are delivered in the most efficient and effective manner possible
- There must be strong and consistent leadership and commitment from politicians and senior management in support of the Shared Services strategy

- There are no predetermined or favoured operating models for Shared Services and the Council will encourage consideration of the range of public, private, or public/private models of delivery as part of the business case options appraisal process. The aim is to achieve a Value for Money outcome
- Shared Services will play an important role in improving the efficiency and effectiveness of the Council services, but sharing is not an objective in its own right - the test is whether it creates benefits in terms of the cost and quality of the services provided
- The decision to share must be for each partner concerned, but there should be a presumption against any new investment in standalone systems for support functions and processes where a shared approach offers a more cost effective solution
- The statutory status of some organisations is not an inhibition to participating in a Shared Services arrangement
- A robust business case must be prepared for proposed Shared Service initiatives which sets out accurate costs and benefits and identifies the levels of efficiency savings and other benefits that the project will deliver
- Opportunities to build on existing investments and capacity (technology and skills) should be considered as part of the business case options appraisal process, where these are suitable for expansion to a wider range of users
- Accurate baseline measures for cost and service quality must be collected as part of the business case development, and where a project goes forward, benefits realisation should be measured and reported against these baselines
- Effective governance arrangements must be in place which give the customers of Shared Services a clearly defined role in the specification and development of the services provided
- Change management arrangements must be well planned and resourced and an emphasis placed on building public sector skills and capacity to ensure that the business case benefits are achieved
- Best employment practice should be used in handling employee reductions, with an important aim being the retention of key skills and a presumption against compulsory redundancy in favour of natural wastage, supported retraining and redeployment
- Open and transparent communications with employees and their representatives must be in place throughout the development and implementation of the strategy;

- Systems procured must be scaleable and contracts allow for the addition of new users at a later date and provide for the transferability of software licences across public sector users
- Interoperability requirements should be identified at the beginning of the procurement process for ICT systems
- There will be a presumption in favour of implementing software applications in standard form, with customisation avoided as far as possible
- In any move to a shared service or host centre, location decisions should be determined openly, with no unnecessary concentration in any one area
- Shared Services should be managed through appropriate contracts or service level agreements which clearly specify the required cost/price and quality performance indicators, together with the responsibilities of the partners involved
- Independent reviews or equivalent should be undertaken for all significant Shared Services projects
- The Shared Service operation must focus on measuring and achieving its key service performance indicators and the development of employees to achieve a continuous improvement culture

6. FINANCIAL IMPLICATIONS

Officer time will be required to develop a Shared Services Strategy and much time will be spent on preparing business cases. However, the investment costs and potential savings of any shared services project will depend on the acceptance and successful implementation of the business cases.

7. LEGAL & POLICY IMPLICATIONS

Similarly, the legal and policy implications will depend on the business case for any services identified for shared service arrangements. These implications are likely to include the identity of a lead partner, employee issues, method of delivery including investment, governance issues and any hosting arrangements for service operations.

8. RISK MANAGEMENT

Shared Services can lead to a whole range of difficulties that need constant monitoring. Trade union involvement is essential. Concerns expressed by the Unions include:

- Less personal service, both for users and for the staff. Disadvantaged groups in particular lose out when services are delivered remotely

- Loss of experienced staff and their knowledge, particularly local information
- Devaluation of the essential administrative tasks staff undertake
- Devaluation of the service provided in the eyes of the public.
- Alleged savings are not always realised. In particular workload is shifted from support staff to front line supervisory staff
- Complex delivery of public services needs staffing by people who understand the working of the whole organisation
- De-skilling of administrative staff can lead to their de-motivation and a high turnover.
- Not all of the new technologies are proven and can often come at a high cost.
- Particular problems that cannot be resolved at the front line have to be shifted to a line manager.

The risk therefore is the temptation to do nothing and leave services as they are. Doing nothing, however, is not an option for the Government and there are already strong indications that the 2007 Comprehensive Spending Review will have a negative impact on local government services.

9. CONCLUSIONS

The efficiencies obtained through Shared Service should eventually lead to a reduction in the corporate costs of participating Councils, reducing the requirement for rate revenue, and/or an enhancement of services provided to the public. Shared Services should, therefore, have a positive impact on the economic well-being of the community.

The development of Shared Services will provide all participating councils and partners with access to a critical skill base and a collective purchasing power that will allow them to be more responsive to technical opportunities. This will facilitate the enhanced provision of information to the public and participating councils.

Shared Services will help the Council deliver better value for money, and thus comply with the Local Government Act 1999. This requires the Council to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.

To ensure a consistent effective and successful approach to Shared Services a clear and explicit strategy as outlined in this report needs to be developed.

10. CONSULTEES

CMT

Employees through Chief Executive’s Bulletin “Shared Services”

Trade Unions

11. BACKGROUND PAPERS

The Government's White Paper "Strong and Prosperous Communities" October 2006

Chief Executive's Bulletin "Shared Services" November 2006