

SHARED SERVICES

(Report by Director of Commerce & Technology)

1. Introduction

- 1.1 The purpose of this report is to inform the Panel of progress with shared services initiatives and to seek a delegated authorisation to enter into an arrangement for sharing financial software and payroll services.

2. Background

- 2.1 Shared services are seen by many as offering an opportunity to generate economies of scale which can release savings that can be shared between each of the participating organisations. With this in mind there has been significant Government encouragement for local authorities to explore and enter into shared service arrangements with a view to making efficiency savings.

- 2.2 During the course of 2007, Huntingdonshire District Council has led a group of local district councils to investigate the possibility of establishing a shared services organisation. The group comprises:

Huntingdonshire District Council
East Cambridgeshire District Council
South Cambridgeshire District Council
Fenland District Council

- 2.3 A project board has been established comprising of the Chief Financial Officers of each of the four authorities, chaired by Huntingdonshire's Director of Commerce and Technology and supported by HDC project management staff. In order to support the work of the group, Huntingdonshire District Council obtained funding of £50,000 from the Regional Centre of Excellence for project work.

3. Financial Services

- 3.1 The group agreed that the first services to consider sharing were finance and payroll services as these were considered back office services where there was likely to be little political or service differences between the districts.

- 3.2 Progress has now been made with proving the concept and technical feasibility of the propositions and work is underway to establish a detailed timetable for implementing the shared services. It is currently thought that implementation will be phased with two districts coming together to share software and then being joined by a third and fourth.

- 3.3 The group has considered issues arising in respect of procurement, contracting, legal governance and powers for operating these shared services. In doing this the group has concluded that there are no obstacles that would prevent the establishment of this administrative venture.
- 3.4 An initial business case identified the opportunity for some costs savings and also some improvements to the resilience of services, in particular payroll services. However further work needs to be undertaken to complete the detailed implementation plan which will establish the extent of future cost savings.
- 3.5 Each of the partner authorities will confirm their participation in the shared service arrangements once the detailed implementation plan has been drawn up. In the meantime the group has agreed to explore further expressions of interest received from Forest Heath District Council (in relation to accounting support) and Cambridgeshire Fire and Rescue (in relation to payroll support).

4. Further Opportunities

- 4.1 It is hoped that the successful sharing of financial services will lay the foundations for sharing other services. With this in mind particular emphasis is being placed on ensuring that the governance arrangements reflect the partnership nature of the venture.
- 4.2 Partially as a result of the shared financial service projects further opportunities have been identified to be worthy of investigation with a view to sharing. These include building control, conservation of historic buildings and fleet management. However each of these are at very early stages of consideration.

5. Conclusion

- 5.1 Good progress has been made in establishing the case for sharing financial systems and payroll. It is likely that plans to share financial systems between East Cambridgeshire and Fenland District Councils and subsequently Huntingdonshire District Council and to share payroll in a phased approach across all four Districts will shortly be agreed. Extending sharing financial systems to South Cambridgeshire is largely dependent upon the costs of integrating systems and the financial case for this has not yet been established.
- 5.2 The project board has established strong working relations that have enabled it to agree to consider further extension of the shared working.
- 5.3 Savings are likely to arise as a result of sharing software. Additional benefits may relate to increased resilience of systems and of staffing (in particular in relation to payroll staff). No staff reductions or redundancies are anticipated and employees have been kept informed of this project as it has progressed.

6. Recommendations

6.1 Cabinet is

Recommended

- (a) to note the content of this report; and
- (b) delegate authority to the Director of Commerce & Technology, after consultation with the Executive Councillors for Finance and Resources & Policy, to finalise arrangements for sharing financial accounting software services and payroll services.

Background Papers:

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