

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: SHARED SERVICES

Meeting/Date: Overview and Scrutiny Panel (Economic Well Being)
10 July 2014
Cabinet, 10 July 2014

Executive Portfolio: Executive Leader

Report by: Managing Director

Ward(s) affected: All Wards

Executive Summary:

This report sets out progress to date on shared services and proposed next steps for consideration and decision by Cabinet.

This is a key decision because it results in the authority incurring expenditure which is, or the making of savings which are, significant having regard to this Council's budget for the service or function to which the decision relates and it was first published in May 2014 Forward Plan.

Recommendation(s):

1. It is recommended that Cabinet:
 - a) Forms a strategic shared services partnership with South Cambridgeshire District Council, whilst continuing to work with other councils including Cambridge City Council on services where there is a business case and a shared commitment to work together;
 - b) agrees to the setting up of a joint informal steering group with the Leaders and/or relevant Portfolio Holders of Huntingdonshire District Council, South Cambridgeshire District Council, and where appropriate Cambridge City Council, to oversee progress and report back to the respective Cabinets and decision-making bodies;
 - c) endorses phase 1 of a shared services programme incorporating Legal, ICT and Building Control; and
 - d) agrees to initial funding of up to £50,000 for project management costs from the Transformation Budget,

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2. WHAT IS THE REPORT ABOUT / PURPOSE?

- 2.1 To progress with the development of a shared services programme with the Council's strategic partner, South Cambridgeshire District Council (SCDC) and where the opportunity exists with budget challenges to meet, Cambridge City Council (CCC), and other appropriate partners

3. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 3.1 The Council has significant budget challenges to meet. Recent reductions in Government Grant are likely to continue well beyond the next General Election to the point where the Council can no longer rely on it and on other sources of Government income.
- 3.2 In addition, Huntingdonshire has one of the lowest council tax precepts in the country so there is limited opportunity to increase income through this route. It is difficult to deliver further efficiencies whilst protecting the quality of frontline services and it is also proving more and more challenging to recruit and retain staff, to provide career development opportunities and to maintain the in-house specialisms and expertise required within smaller teams to deliver services to the standard to which the council aspires.
- 3.3 The Council already has a number of shared services and joint working arrangements, for example:
- (a) Home Improvement Agency (SCDC and Cambridge City)
 - (b) Joint Strategic Planning (County Wide and Peterborough)
 - (c) CCTV (Cambridge City)
- 3.4 Reflecting the need to develop new service delivery models, the council had begun to explore joint service options with LGSS for two service areas, but this discussion has now ended. Finally, proposals for a joint waste services are being developed across the County area (including Peterborough)..

4. OPTIONS CONSIDERED/ANALYSIS

- 4.1 The Council has begun to make good progress on delivering efficiencies, improving customer service and developing a shared approach to a limited range of services.
- 4.2 Plans are also being developed to ensure that the Council becomes more commercial in the way it operates to maximise income and ensure that core services remain viable, as part of the Facing the Future progress.
- 4.3 However, given the climate within which we operate and future challenges, it is imperative that we take all opportunities to minimise costs whilst protecting and enhancing services. A more strategic approach to shared services would make a significant contribution to this ambition.
- 4.4 Given the compatibility in terms of size, priorities and political ambition, it is proposed that a strategic partnership with SCDC offers considerable opportunity. Both Huntingdonshire and SCDC are rural and parished, with existing or forthcoming market towns. We also have shared priorities and challenges relating to growth, quality of life, economic development, business support and transport corridors, together with a desire to become more

commercial in the way we operate. Service delivery and back office functions are similar in many, although not all, respects.

- 4.5 A strategic shared partnership means that we will look in the first instance to work with SCDC to explore options and to develop a programme of shared services, but this will not be exclusive. In reality, there will also be services where it would make sense to share across Cambridge City, SCDC and Huntingdonshire or purely with Cambridge City; essentially sharing will include a minimum of two organisations. This approach will be recommended where it is supported by a shared ambition to implement and an outline business case.
- 4.6 Informal conversations have taken place in recent weeks with both SCDC and Cambridge City with regard to potential services where sharing would make sense. These have identified a common desire to move forward with a shared approach to Legal (with SCDC and the City), ICT (with SCDC and the City) and Building Control (with SCDC). These services are all facing significant challenges with regard to recruitment, retention and in-house access to technical and specialist expertise and in the case of Building Control, competition. A shared approach will enable more resilience and reduced costs across all three services, as well as strengthening competitiveness. It is therefore recommended that these services should form phase 1 of a shared services programme. Proposals for sharing building control with SCDC will be outlined in the next meeting of Cabinet.
- 4.7 In addition to the reasons outlined above, research from elsewhere on shared services demonstrates that ICT is one of the most significant barriers to progress on other shared services and should therefore be an early priority in any shared services programme. ICT can also, in its own right, be a catalyst for significant savings both in relation to management costs and also procurement of systems and licences.
- 4.8 The total direct and indirect costs of the ICT services within Cambridge City, SCDC and Huntingdonshire is £6.1 million. Even a 10% reduction in the annual cost, for example, would achieve savings of £600,000 per annum across the three councils in addition to creating more potential to unlock other savings and income.
- 4.9 Both SCDC and Cambridge City have expressed a willingness to deliver a shared ICT service. This would create a large, robust service with capacity far more in-house for technical expertise and the potential for income generation. However all three services have challenging in-house programmes to deliver and do not currently have the capacity within existing resources to deliver a shared service.
- 4.10 Both SCDC and Cambridge City have also expressed a desire to work with us to develop a shared legal service. Initial work has been carried out across the three authorities with regard to current functions and responsibilities. This shows that the collective costs of the services are in the region of £1.7m. However further work is required to develop proposals given the complexity of the services.
- 4.11 It is proposed, therefore, that business case for a shared legal service is brought back to Cabinet in Autumn 2014.
- 4.12 In addition to the services identified here as part of Phase 1, it is intended that further work will be carried out to consider other opportunities for consideration and also to take advantage of any vacancies that arise from now on to

develop closer working arrangements; the next report to Cabinet will include a more detailed plan for a phase two of further services.

- 4.13 Early consideration has also been given to providing opportunities for staff with regard to joint training and development, secondments, mentoring and other opportunities to build relationships and share expertise. This is actively being developed.
- 4.14 Programme and project management arrangements have already been set up at officer level to ensure momentum and delivery of outcomes. Subject to decisions by Cabinets, it is proposed to use external project management support to ensure a continued focus on delivering outcomes as none of the partners have capacity within existing resources. Initial assistance has been provided by EELGA and external funding to support project management costs is also being sought via a shared bid to the DCLG's Transformation Challenge Award Funding Pot.

5. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 5.1 To be considered on 10 July 2014, prior to Cabinet

6. KEY IMPLICATIONS / RISKS

- 6.1 In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

- The delivery of shared services will require additional capacity for project management. However, it is anticipated that this is likely to be offset either by external funding sources or efficiencies arising from shared services.
- Evidence from elsewhere demonstrates that shared services generally deliver efficiencies of between 10% and 15%, whilst also strengthening resilience and improving service. However, outline business cases for each service will be brought to Cabinet with specific financial implications as we move forward.

Legal

- Any legal implications will be addressed as part of outline business cases for individual services as they are brought forward.

Staffing

- Extensive consultation and engagement with both staff and staff council will be essential as part of this process and initial workshops have already been held in both Huntingdonshire and SCDC. In addition, it is anticipated that a joint protocol will be developed with both SCDC and Cambridge City to ensure a co-ordinated approach across all partners.

Risk Management

- There are considered to be more risks from continuing with the current approach than adopting the recommendations set out in this report. However, the consideration of specific risks will be addressed in outline business cases as they are brought forward.

7. CONSULTATION RESPONSES

7.1 None.

8. OPTIONS CONSIDERED/ANALYSIS

8.1 It is not considered that carrying on with the current approach is a viable option; the council's current focus is on securing a viable financial future for the council in a way that protects the sovereign identity of Huntingdonshire.

8.2 The Council could continue with an incremental approach to shared services with willing partners as opportunities arise, but would need to significantly step up momentum and this could lead to fragmentation with services delivered with a wide variety of different partners.

8.3 Alternatively, the Council could choose to work with partners other than SCDC and Cambridge City Council. However, it is considered that this would not provide the best fit for either residents or businesses and would not facilitate the maximum possible efficiencies.

9. REASONS FOR THE RECOMMENDED DECISIONS

9.1 The Council has delivered £7.4m of efficiencies over the last four years and by the end of 15/16, and including this year, it will need an additional £1.7m. Incremental improvements and budget reductions are no longer sufficient to ensure that the Council can continue to deliver core services in the context of rising needs and expectations from both residents and businesses.

9.2 In the last year, progress has been stepped up, with the establishment of the Facing the Future programme which is seeking to transform services and change the way the Council does business.

9.3 Meanwhile, the Council's approach to shared services has been incremental. Opportunities to share with willing partners have been taken where it has been possible to demonstrate that this would lead to improved customer service, reduced costs and strengthened resilience. If continued, this approach would continue to deliver limited efficiencies, but could ultimately lead to fragmented services with a range of different partners.

9.4 We now have the opportunity to take a more strategic approach designed to improve services, reduce costs and perhaps more importantly, protect and enhance what both Councils have achieved in terms of delivery and performance.

9.5 It is therefore recommended that the Cabinet develops a strategic shared services partnership with SCDC, for the reasons set out in the report, whilst also continuing as before to work with others, including Cambridge City Council where there is a business case and desire to shared services.

10. LIST OF APPENDICES INCLUDED

None

11. BACKGROUND PAPERS

None

CONTACT OFFICER

Joanne Lancaster, Managing Director – 01480 388001