

Agenda Item

Executive Board

2 December 2009

MW



Shared services - update

Summary

Members will be aware of the growing financial pressures affecting all of the public sector and also the increasing expectation that councils will look to address these pressures through increased sharing of services (amongst other initiatives).

In recent years the concept of shared services has developed from that of sharing the occasional individual service to a more systematic approach where a district council may decide to share not only its Chief Executive with a neighbouring local authority but also its senior and middle management team.

The council's Use of Resources Assessment (due to be formally published on 10 December 2009) will include recommendations that the Council considers and develops further arrangements for working with local partners to provide and procure services jointly; considers further opportunities to gain efficiencies both in and through procurement; and continues to work with other councils through joint workforce planning.

This report provides an update to the Executive Board on recent developments and provides a considered basis for moving forward where opportunities present themselves.

Recommendation

That the Executive Board notes the contents of this report and endorses the potential benefits that can be derived from sharing services.

That the Council actively identifies potential opportunities for the sharing of its services.

a) Reasons for Recommendation

The recommendation represents a logical response to the pressures and developments set out in the report.

b) Alternative Options

To continue as the Council is presently structured whilst maintaining a watching brief on developments elsewhere.

c) Risk Considerations

These are set out and referred to in the main body of the report (particularly the IDeA reports referred to at Appendix A and B) and can be seen as a refinement of the risk considerations that relate to all partnership arrangements.

d) Policy and Budgetary Considerations

None immediately arising although if potential cost sharings are identified it will have a beneficial impact on the preparation of the Council's 2010/11 revenue budget (and indeed future budgets).

e) Date for review of decision

Not applicable as this matter will be the subject of ongoing and regular review.

1 Main Body of the Report

- 1.1 Part of the Council's response to the ongoing unitary debate has been that of recommending to the Secretary of State the concept of 'Integrated Devon'. Although overall progress on Integrated Devon has not been as speedy as some might have hoped there are now many examples of where closer co-operation between councils has led to financial savings through sharing opportunities. Perhaps the most vivid example has been that of South Hams and West Devon who now not only share a Chief Executive but also a joint management team. Elsewhere, there are many examples of individual officers being shared by neighbouring councils. In our case we currently share an Equalities Officer with Mid Devon District Council and a partnership based Procurement Officer with Teignbridge District Council. In addition, the Benefits team share a training officer with Exeter City Council and Mid Devon District Council. Further examples can be found in both the Housing teams and the Environmental Health teams.
- 1.2 This experience has been mirrored elsewhere in the country as a result of which the IDeA (Improvement and Development Agency) has now published two reports into the wider issue of councils sharing officers.
- 1.3 The first report (Appendix A) was published in autumn 2008 and was entitled "Shared Chief Executives the lessons". The report highlighted that; "partnership work is at the heart of good local government. Councils are developing increasingly close relationships with other authorities, particularly where key priorities overlap, and where the challenges they face are replicated in other parts of the country. Councils continue to look for more efficient and effective ways to deliver services through partnership working and some issues can only be tackled with the support of others". The report noted the reasons for sharing a Chief Executive, gave examples of where the initiative had worked and indeed other examples where sharing had not been successful. The report generally concluded that "not all of the shared arrangements made so far have lasted – not all were intended to. Those that have have started to deliver real changes and benefits, while short term arrangements have proved vital during challenging times".
- 1.4 This autumn the IDeA followed up their initial report with a further report entitled "Shared Chief Executives and joint management: a model for the future?" (Appendix B).
- 1.5 This report found that 'with the increasing pressures on local government finances many councils are looking at developing closer partnerships and collaborative ways of working in order to secure greater levels of efficiencies. Councils are becoming increasingly creative in their approach to service delivery which can take many forms. A growing number of councils have chosen to deepen their partnership working by sharing their Chief Executive and management teams to facilitate shared services and achieve efficiencies'.
- 1.6 "In discussing joint management arrangements we are talking about two councils, remaining separate organisations, that agree to share a group of officers. They will carry out the full role of the management team to both councils and work on

developing shared services. By shared services we mean a single group of officers or contractors that deliver a service for both authorities, beyond shared management”.

1.7 The report canvasses the experience of those councils that have now moved towards a shared approach and the following table taken from the report gives an indication to members of the sorts of financial savings that are potentially available.

Councils	Sharing arrangements	Savings from joint management (per annum)	Savings from shared services
Adur and Worthing	Joint Chief Executive and joint management team	Initial savings from joint chief executive and management team were £452,000. Further savings of £220,000 expected in 2010/11 as more management savings realised.	Cumulative savings of £2.2 million have been made since the beginning of the arrangements. The ongoing annual savings will be £1.5 million. Savings of £652,000 p.a. realised in 2009/10 as a result of the first tranche of shared services: refuse and recycling, street cleansing, financial services, legal and democratic services, corporate services, and customer services. Further savings of £350,000 p.a. expected in 2010/11 due to extension of shared services across the councils: planning, parks, ICT, building surveying, and environmental health.
Hambleton and Richmondshire	Joint Chief Executive and joint management team	£84,440 for joint chief executive, increasing to £109,000 for joint management team.	Shared service plan establishes five blocks for exploration. Block one, the business case for ICT indicates net savings of £425,000 over four years to 2012/13 and potential ongoing annual savings in excess of £200,000. An outline business case for joint waste management shows indicative savings of around £336,000 in the four years to 2012/13 and annual savings of £160,000 thereafter. Shared service propositions on a worst case basis show £300,000 annual savings and best case £750,000, with the total growing as shared services develop.
Suffolk Coastal and Waveney	Joint Chief Executive, moving towards sharing management team	Approximately £90,000 is being saved across the two authorities which relates to the joint chief executive post and other shared posts.	
South Oxfordshire and Vale of White Horse	Joint Chief Executive and joint management team	£1.1 million across both councils from joint management arrangements.	£500,000 in savings to be shared by the two councils from a new joint waste contract. The councils are already benefiting from a joint revenues and benefits contract with Capita which is producing savings of £3 million over 10 years.

Councils	Sharing arrangements	Savings from joint management (per annum)	Savings from shared services
Bromsgrove and Redditch	Joint Chief Executive, moving to joint management team	Current direct savings from joint chief executive appointment, approximately £80,000 across both councils.	Reported approximately £240,000 per annum across both authorities from shared services, which largely predate the joint appointment. Future 'approved' savings from shared services for 2010/11, 2011/12 and 2012/13 are £250,000, £390,000 and £390,000 respectively. In addition, the planned extensive transformation programme is expected to generate £3.4 million in savings across both councils in the period to 2012/13.
West Devon and South Hams	Joint Chief Executive and joint management team	Shared chief executive produces savings of around £70,000.	South Hams and West Devon combined cumulative savings to date are £775,000, with ongoing savings from 2010 of £600,000 per annum. Joint services: human resources (HR), environmental health, payroll, building control, and revenues and benefits, which started on 1 October 2009. The two councils are exploring a range of shared services together. In addition, the councils share services with Teignbridge District Council.
West Oxfordshire and Cotswolds	Joint Chief Executive (plus shared director of finance)	Savings from a shared chief executive from 1 November 2008 and joint finance director from 1 August 2009 (approximately £60,000 to £80,000).	Forecast savings £700,000
Staffordshire Moorlands and High Peak	Shared Chief Executive and joint management team	The establishment of a joint management team across the two councils and a reduction in the number of middle and senior managers from 37 to 21 will generate savings of £560,000 per annum from 2012.	700,000The councils have introduced a number of shared services which will produce savings of over £1 million per annum from 2010/11. Current shared services are: combined ground maintenance, joint clean team, environmental health, and joint chief executive team, including combined policy function.
Havant and East Hampshire	Shared Chief Executive	£59,000 savings from shared chief executive.	Potential savings of between £600,000 and £1 million from shared management and shared services.
Essex and Brentwood	Shared Chief Executive	£100,000	Property rationalisation released capital receipt (approx £1.6m), creating £150,000 revenue income for Brentwood. Further savings made through sharing the internal audit service.

1.7 Although there is the potential for significant savings some of the difficulties associated with a shared arrangement should not be underestimated. The two reports give good indications of these particular issues. In addition, as can be seen from Appendix C (a briefing note from the IdeA), a number of issues and risks need to be carefully assessed.

- 1.8 This is an area where active ongoing discussions are being held and members need to be aware of the potential for developments to occur. Where such developments do occur the lessons of the IDeA and others will need to be carefully taken into account but it is considered appropriate for there to be a shared understanding within the Council of the need to progress in this area. Whilst any discussions that do take place will primarily involve the Leader and the Chief Executive, the Leader's Think Tank will be kept closely involved and updated on discussions that are taking place so that informal guidance and agreement can be given on any proposals before they are actually brought back before the Executive Board and/or the Council for approval where necessary.

Legal Implications

The legal basis for sharing services is relatively clear and is primarily governed by the Local Government Act 1972. However it is recognised that should any discussions get to a situation where the actual sharing of a joint management team is recommended there will be clear governance and legal issues that need to be addressed and reference can be made, for example, to a joint report of South Oxfordshire District Council and the Vale of White Horse District Council (Section 8) which can be accessed through the following hyperlink http://ww2.southoxon.gov.uk/gw/webpub?merge=CommDocList&action=Library.Search&Library.queryField=SUBJECT&Library.queryId=sodc.docaccesspo1.public&Library.queryText=Cabinet_160708&Library.queryCount=50

Financial Implications

None immediately arising.

Background Papers

Appendix A: <http://www.idea.gov.uk/idk/aio/8890180>

Appendix B: <http://www.idea.gov.uk/idk/aio/14197204>

Appendix C: Briefing: Shared Chief Executive/Joint Management Arrangements