

 Executive 23 July 2008		Agenda Item No.
Title	Shared Services Strategy	
For further information about this report please contact	Chris Elliott	
Service Area	Chief Executive	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director		
Chief Executive		Chris Elliott
CMT		
Section 151 Officer		Mary Hawkins
Legal		Simon Best
Finance		Mike Snow
Portfolio Holder(s)		Michael Doody, Les Caborn
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Earlier version of report circulated to officers and Heads of Service.		
Other Borough and District councils in Warwickshire and the County Council.		
The Trades Unions will be asked to comment on the draft.		
Final Decision?	No	
Suggested next steps (if not final decision please set out below)		
Development of business cases and further reports back on progress and outcomes.		

1. SUMMARY

- 1.1 This report proposes the adoption of a strategy for the implementation of shared services in Warwickshire. Proposals are also made for a Joint Committee for Shared Services to oversee their implementation. The report also gives information on work already in progress with Stratford DC and on possible areas of work with Warwickshire County Council. The report also seeks approval for a contribution of £10,000 towards the cost of a shared post to help carry out the work.

2. RECOMMENDATION

2.1 That:

- (1) The Strategy for Shared services in Warwickshire as set out in Appendix 1 to this report be adopted;
- (2) The services of ICT, Human Resources, Procurement and Customer Access be prioritised to be the subject of business cases;
- (3) A Joint Committee to oversee the implementation of shared services be set up comprising Council Leaders from each of the six authorities in Warwickshire;
- (4) The terms of reference for this Joint Committee be presented to a future meeting of the Audit and Resources Scrutiny Committee;
- (5) Subject to the approval of the above recommendations, the principle of this Joint Committee being expanded to include Coventry CC and/or Solihull MBC as appropriate.

2.2 That a contribution of £10,000 is made toward the shared cost of staffing costs of carrying out the preparation work on shared services.

2.3 That the current work being carried out with Stratford District Council and the areas of possible work with Warwickshire County Council are supported and progress is reported via the Budget Working Group previously established.

3. REASONS FOR THE RECOMMENDATION

3.1 The Council has been developing shared services on an ongoing basis over the past five years. This has been more on an opportunistic basis than a strategic programme. This has included the operation of the payroll service by Warwickshire CC, a shared economic development service with Warwick DC and undertaking consultation work on behalf of Warwick DC and Rugby BC.

3.2 Over the past two years, Leaders of Warwickshire Councils have been meeting on an ongoing basis to examine areas of common interest. One principle area of joint interest has been in the approach to shared services. While this work has improved working relationships and understanding of each council, the Leaders proposed in January 2008 that a joint strategy for shared services should be developed. A draft strategy as set out at Appendix 1 was endorsed for consideration by each local authority at the meeting of Leaders and Chief Executives in March 2008.

3.3 The meeting recommended four services for prioritised consideration of a business case:-

- ICT- different software and hardware systems can lead to a barrier to shared services implementation. This is a longer term intention to minimise the number of different IT systems;

- Human Resources- this is a relatively small support service in districts and boroughs, where resilience is a key issue;
- Procurement- this is an emerging need for all local authorities in the light of the efficiency agenda, and better value for money may be provided by delivering a shared service; and,
- Customer Access- this is an extension of the Warwickshire Direct Partnership programme.

3.4 Members will note from the legal issues identified in Part A of the strategy that the development of shared services are subject to EU Procurement Rules. It is however feasible to operate the governance arrangements for shared services through a joint committee of local authorities.

3.5 Leaders considered it important to ensure that any joint committee or decision-making body should be an existing group, rather than a new arrangement. It is therefore proposed to change the Warwickshire Leaders Meeting into a Shared Services Joint Committee.

3.6 It is possible other local authorities in the sub-region, such as Coventry City Council and Solihull Metropolitan Borough Council, may wish to join in a shared service arrangement. It is therefore suggested that the principle of these authorities joining a joint committee is agreed. In the spirit of only using existing groupings, it is feasible this could mean a reinforced role for the Coventry Solihull and Warwickshire Partnership.

3.7 Subject to the Executive agreeing the principle of the Shared Services Joint Committee, then it is proposed to bring detailed terms of reference to the Executive Committee in the near future.

3.8 The Leaders would like to maximise economies of scale in delivering shared services across Warwickshire. This principle is endorsed in the proposed strategy. In such circumstances, it may be possible to use the Warwickshire Public Services Board for decision-making purposes, but further work is required to clarify this.

3.9 In addition, officers from this Council have been working bi laterally with Stratford District Council and with Warwickshire County Council on areas of joint work. With Stratford this includes:

- Building Control (with Stratford and Rugby) – where a business case has not demonstrated clear financial merits so that it is worth this Council progressing at this stage;
- Business Rates – where the case for a joint team is worthwhile and is proposed (to be subject of a separate report);
- Community Safety – in the light of the proposal for a Joint CDRP;
- Print and Design – work is still being carried out on a business case;
- HR – some joint work is progressing.

- 3.10 With Warwickshire County Council a number of areas have been suggested including:
- Payroll – WCC already provide the IT and could provide the same service as they currently provide to Stratford and have made an offer to provide it free;
 - Internal Audit
 - Legal Services
 - Learning and Development – in the light of the county wide work on an Academy
 - Links between Environmental Health and Trading Standards
- 3.11 This Council is already carrying out joint work with the County Council regarding one stop shops very successfully and has agreed to co-locate its Customer Service Centre. The two Councils have also set up a Joint Community Partnership team, based in Riverside House.
- 3.12 The Director of Environment and Economy at the County Council has also separately asked for ideas about his Directorate's services could work better with and officers are compiling their views on the opportunities that this may generate.
- 3.13 The bilateral discussions also need to be progressed and reported upon.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 The Executive can adopt the strategy as proposed, amend it or reject it. To reject the strategy would inhibit partnership working, a principle the Council has at the core of its corporate strategy. The other Districts have already supported the Strategy.
- 4.2 The Executive could decide to halt any further work on shared services or to identify other areas for consideration. It is suggested though that the Council does not have enough capacity to do everything and it needs to focus on areas where real progress can be made.

5. BUDGETARY FRAMEWORK

- 5.1 These are set out in the strategy at Appendix 1. In addition to the general implications set out, Leaders have tasked Chief Executives with coming up with proposals to resource the preparation of the priority business cases. In furtherance of this point, the County Council is making available 2 officers full time for a year and have asked that the Districts/Boroughs make jointly one post available for a year. This will cost each District/Borough £10,000 each. It is suggested that this contribution is made from the contingency budget.
- 5.2 The potential of shared services needs to be demonstrated via business cases but there ought to be the opportunity to maintain or improve the quality of our services whilst reducing overall costs. The offer of providing our payroll services free by the County Council is an example of the cost saving opportunity.
- 5.3 The key risks associated with this report relate to other partner local authorities not adopting this strategy. Given the Leaders of the Councils have endorsed it in principle this is considered to be a low to medium risk.

- 5.4 The other risk at this stage is the reaction of staff to the shared service agenda. There may be fears of loss of employment. To mitigate this, the Council does operate a redeployment policy so that any affected staff can have in effect first opportunity of other jobs that arise in the Council. It has been suggested also that consideration be given to the widening that approach to include giving our staff the same opportunity for County Council jobs, thus increasing their potential of maintaining employment.

6. **POLICY FRAMEWORK**

- 6.1 The adoption and implementation of the shared services strategy will support key aims of the corporate strategy to provide clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner; and, to improve the efficiency of service delivery to the Council's customers.