



Report To: Leader and Cabinet

10 July 2014

Lead Officer: Chief Executive

Shared Services

Purpose

1. This report sets out progress to date on shared services and proposed next steps for consideration and decision by Cabinet.
2. 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.

Recommendations

3. It is recommended that Cabinet:
 - a) Forms a strategic shared services partnership with Huntingdonshire District Council, whilst continuing to work with the City Council on services where there is a business case and a shared desire to work together;
 - b) agrees to the setting up of a joint informal steering group with the Leaders and/or Portfolio Holders 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;
 - d) agrees to initial funding of up to £50,000 for project management costs from the Council Actions budget for 2014/15, noting that it should be possible to offset this investment either from external funding or efficiency savings.

Reasons for Recommendations

4. The Council has delivered nearly £5m of efficiencies over the last four years and a further £1.1m needs to be saved by 2015/16. 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.
5. In the last two years, progress has been stepped up, with efficiencies delivered via a Business Improvement and Efficiency Programme that has sought to transform services and change the way the Council does business.
6. 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 maintained, this approach would continue to deliver limited efficiencies, but could ultimately lead to fragmented services with a range of different partners.

7. 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 has been achieved in terms of delivery and performance.
8. It is therefore recommended that the Cabinet develops a strategic shared services partnership with Huntingdonshire District Council, for the reasons set out in the report, whilst also continuing as before to work with Cambridge City Council where there is a business case and desire to shared services.

Background

9. The Council has significant efficiency targets to deliver. 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 income.
10. In addition, South Cambs is one of the leanest district councils in the country, with one of the lowest council tax precepts. It is becoming increasingly difficult to deliver efficiencies whilst protecting the quality of frontline services. 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 our services to the standard we would want.
11. The Council already has a number of shared services and joint working arrangements, for example:
 - (a) Internal Audit (with Peterborough and Cambridge City)
 - (b) Home Improvement Agency (Huntingdonshire and Cambridge City)
 - (c) Payroll (Cambridge City)
 - (d) Joint Strategic Planning (County-wide and Peterborough)
 - (e) Joint working with Cambridge City on fringe sites.
12. The Council is also actively working on shared governance arrangements with Cambridgeshire County and the City Council in relation to City Deal and proposals will be brought back to Council for approval later this year.
13. Finally, proposals for a joint waste depot and service are being developed with Cambridge City and a report on progress is included elsewhere on this agenda.

Considerations

14. The Council has made good progress on delivering efficiencies, improving customer service and developing a shared approach to a limited range of services.
15. Plans are also in place to ensure that the Council becomes more commercial in the way it operates to maximise income and ensure that core services remain viable.
16. 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.
17. Whilst joint working with the City Council will remain important and will be appropriate for some services, the City's urban geography and make-up leads to significant differences of approach and patterns of service delivery. It is therefore proposed that a strategic partnership with Huntingdonshire may be more appropriate. Both

Huntingdonshire and South Cambs 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.

18. A strategic shared partnership means that we will look in the first instance to work with Huntingdonshire District Council to explore options and to develop a programme of shared services, but that this will not be exclusive. In reality, there will also be services where it would make sense to share across the City, South Cambs and Huntingdonshire or purely with the City Council. This approach will be recommended where it is supported by a shared desire to implement and an outline business case.
19. Informal conversations have taken place in recent weeks with both Huntingdonshire 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 Hunts and the City), ICT (with Hunts and the City) and Building Control (with Hunts). These services are all facing significant challenges with regard to recruitment, retention and in-house access to technical and specialist expertise. 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 Huntingdonshire are outlined in a report elsewhere on this agenda.

ICT Shared Service

20. 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.
21. The total direct and indirect costs of the ICT services within Cambridge City, South Cambs 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.
22. Both Huntingdonshire and Cambridge City have expressed a desire to work with us to deliver a shared ICT service. This would create a large, robust service with capacity with more in-house for appropriate 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.
23. It is recommended, therefore, that a shared resource across the three authorities is created to drive this agenda forward. Whilst this would be an additional annual cost (funded from the Council Actions Budget as per recommendation 3d), it is considered that funding would ultimately be covered via external funding sources or shared services efficiencies.

Shared Legal Service

24. Both Huntingdonshire 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.
25. It is proposed, therefore, that an outline business case for a shared legal service is brought back to Cabinet in Autumn 2014.

Future Opportunities

26. 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 potential opportunities for the future and also to take advantage of any vacancies that arise from now on to develop closer working arrangements.
27. 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.
28. 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 (in this report at Recommendation 3d), it is proposed to use shared external project management support to ensure a continued focus on delivering outcomes as none of the partners have capacity within existing resources.
29. External funding to support initial project management costs is also being sought via a shared bid to the DCLG's Transformation Challenge Award Funding Pot.

Options

30. It is not considered that carrying on with the current approach is a viable option, for the reasons set out in the report.
31. 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.
32. Alternatively, the Council could choose to work with partners other than Huntingdonshire District 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.

Implications

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

33. 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.

An overall savings target of £150,000 is proposed in a report elsewhere on this agenda for both shared services and commercialisation projects.

Legal

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

Staffing

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

Risk Management

36. Overall, 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.

Consultation responses (including from the Youth Council)

37. None.

Effect on Strategic Aims

Aim 1 – Corporate Aim

38. Engagement: engage with residents, parishes, and businesses to ensure we deliver first class services and value for money.

The report proposes a more strategic approach to shared services. This will help us to ensure that we maintain and enhance our services, whilst also reducing costs and achieving better value for money for our residents and businesses.

Background Papers: None

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