



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

---

Date of Meeting: 18 December 2006

---

Public

---

Key Decision: Yes

Recorded in Forward Plan: Yes

---

Inside Policy Framework

---

**Title: SHARED SERVICES POLICY**

**Report of: DEPUTY CHIEF EXECUTIVE**

**Report reference: CE 33/06**

### Summary:

The purpose of this report is to present members of the Executive with a draft Shared Services policy. This follows the adoption of a Shared Services protocol by the Executive at its meeting of 12 June 2006. Subsequently the Corporate Resources Overview & Scrutiny committee have held a policy development workshop and considered this early draft. The report of the 12 June 2006 and the draft Shared Services policy are appended to this report for members' information.

### Recommendations:

It is recommended that members of the Executive consider and comment on the draft Shared Services policy. This policy will be considered by Corporate Resources Overview & Scrutiny committee on 11 January 2007, come back to the Executive on 22 January 2007 and be considered by full Council on 6 March 2007.

**Contact Officer:** Jason Gooding

**Ext:** 7009

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None**



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE & PERFORMANCE MANAGEMENT and LEARNING & DEVELOPMENT

---

Date of Meeting: 12 June 2006

---

Public

---

Key Decision: No

Recorded in Forward Plan: No

---

Inside Policy Framework

---

**Title: SHARED SERVICES - A PROTOCOL FOR THE CITY COUNCIL**

**Report of: Deputy Chief Executive**

**Report reference: CE 14/06**

### **Summary:**

The purpose of this report is to inform the Executive of progress with the shared services agenda, particularly through the Achieving Cumbrian Excellence (ACE) programme. Members are invited to confirm the Executive's commitment to shared services where there is sufficient benefit for Carlisle City Council. Members are also requested to consider a protocol for shared services in order to provide a framework within which officers can progress this important area of work.

### **Recommendations:**

1. That the Executive confirms a commitment to the principle of Shared Services where there is a clear business case that benefits Carlisle City Council.
2. That the Corporate Resources Overview & Scrutiny Committee is requested to arrange for policy development work to be conducted in order to inform the Council's strategic thinking about shared services.
3. That the protocol in this report is adopted to inform work on shared services within the Council pending development of a comprehensive policy through Overview & Scrutiny.

**Contact Officer:** Jason Gooding

**Ext:** 7000

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None**

## **1. BACKGROUND**

The delivery of services in partnership with other authorities has the potential to save money and improve quality. Decisions about whether or not to use a shared services model can only be made after careful consideration of a business case that clearly demonstrates how benefits will be delivered and evidences how these benefits outweigh the costs. It is becoming increasingly important that shared services are considered as an option when looking to improve services.

Following the publication of the National Procurement Strategy, the subsequent establishment of the Regional Centres of Excellence and the 'Gershon' efficiency agenda there is now a strong expectation from Central Government that Local Government will improve efficiency and effectiveness through the delivery of shared services. The consideration of, and where appropriate delivery of, shared services will be critical to ensuring that the Council performs well in future CPA assessments. This is particularly important with the new emphasis on Value for Money and Use of Resources.

### **Opportunities**

The opportunities associated with shared services are wider than just efficiency. Although raw cost-cutting may be what eventually forces the hand of many Councils, Carlisle City Council is more concerned about quality of service and the redirection of resources to corporate priorities. Some of the key opportunities are:

- Services can be reorganised around the needs of customers. The requirements of service users do not necessarily coincide with administrative boundaries or the way in which a council is organised. The delivery of shared services means that provision can be designed from the ground up to provide services that are accessible and make sense to people.
- Costs can be reduced. The simplest form of efficiency is reduced cost, and the 'chunking up' of services through aggregation with other organisations can effectively reduce costs through economies of scale.
- Service quality can be improved. The aggregation of resources means that a greater focus on service delivery can be provided and skills can be shared among a greater 'critical mass' of staff.
- Improved resilience. Small teams have low resilience and can be vulnerable to absence, staff shortages or other unforeseen circumstances. Shared services means

larger teams and a reduction of the impact of this risk. Larger teams shared across authorities can also help address some of the issues around recruitment and retention of specialist staff.

- Accommodation can be rationalised. There is obvious scope for further efficiencies through the consolidation of shared service teams with a reduced requirement for overall space.

## **Models for Shared Service Delivery**

There are a number of models for shared service delivery and, as well as determining which services could be shared, the City Council will need to consider appropriate models for their delivery. The main models relevant to Carlisle are:

- **Sovereign Model.** Where one organisation among a group delivers all functions of a particular nature on a common and collective basis.
- **Federal Model.** Where a group of Councils work together in order to deliver one or more functions on a shared basis.
- **Establishment of an Arms-length Body Corporate.** This can deliver services on either a federal or sovereign model basis.
- **Use of the Private Sector.** This is currently the most common form of shared service delivery.

Carlisle City Council may wish to consider a number of different models for shared service delivery dependent upon the service under consideration. For example we have already discussed the possibility of providing training and development for other councils (a sovereign model), and have an agreement in place with other Cumbrian Councils to use a common provider for some Internet services (use of the private sector).

For the high impact services that are likely to deliver real benefit, it is recommended by officers that a mixture of a sovereign model (where Carlisle City Council is strong) and a federal model elsewhere should inform the Council's overall approach. Of course there are many services that may be considered unsuitable for any model of shared service delivery.

In Cumbria, the primary vehicles for progressing the shared services agenda are the ACE programme and the Cumbrian Local Authorities Strategic Board (CLASB). Both of these are providing a strong 'push' to start realising the benefits of shared services—the time is

right for Carlisle City Council to have a strategy for establishing an understanding of the potential benefits of shared services among staff and members.

The proposed protocol below makes it clear that the Council does not have to take a 'big-bang' approach and can collaborate with as many or as few organisations as it chooses. The Council has already successfully collaborated with, for example, Eden in relation to Parking Enforcement and Allerdale with procurement of a telephony system.

### **Progress to Date**

Last year the Audit Commission was tasked, by District Council Chief Executives in Cumbria, to undertake a study to identify potential shared service areas among the District Councils. Aspects of this work are still ongoing, for example the City Council is exploring the possibility of providing payroll services for Allerdale and the potential for shared Legal Services is still being explored.

In April, CLASB considered proposals for a number of shared services. These were licensing, building control, e-recruitment, procurement and property rationalisation. Licensing requires further work on the outline business case, but the other four services will be progressed to business case development with a sponsor for each having been identified from CLASB.

Further work is now underway to develop the business cases for the proposed shared services. Any decisions to participate or otherwise will be for individual authorities to make based upon the business cases. The needs of Carlisle City Council will be best served by a clear policy within which the Council can derive maximum benefit from the shared services agenda.

In the interim, and pending the policy development work proposed for Overview & Scrutiny, a protocol is proposed based on good practice in other District Councils. This protocol is as follows.

### ***Protocol for Shared Services***

- Carlisle City Council will participate in collaborative projects and shared service delivery free and willing agents and expects its independence and statutory obligations to be respected.
- The quality of service to the ultimate customer is not to be compromised.

- The differences in organisational cultures and priorities, as well legitimate variances in the local operating environments will be respected.
- Carlisle City Council is free to form an alliance with as few or as many willing partners as it chooses.
- All costs, risks and benefits must be shared on an agreed basis.
- There must be clear arrangements in place for management and scrutiny of alliances.
- There must be an agreed process for the resolution of disputes but without prejudice to the right of withdrawal from any arrangement.
- There should be a common agreement to consult and involve employees and to introduce job protection arrangements as and when appropriate.

If the Executive approves adoption of this protocol, it will provide a clear framework within which officers can operate and will communicate the Council's position clearly to our partners. Officers will offer this protocol to other authorities in Cumbria as a model that they can adopt in order to facilitate a consistent approach throughout the County.

## **2. CONSULTATION**

### **2.1 Consultation to Date.**

There has been corporate consideration of shared services at Senior Management Team. A number of ACE events have already taken place on shared services, with involvement of both officers and members.

### **2.2 Consultation proposed.**

The proposed policy development work by Overview & Scrutiny will enable thorough consultation on the policy aspects of shared services. Detailed consultation would form part of development of a robust business case for any specific shared services proposal.

## **3. RECOMMENDATIONS**

1. That the Executive confirms a commitment to the principle of Shared Services where there is a clear business case that benefits Carlisle City Council.

2. That the Corporate Resources Overview & Scrutiny Committee is requested to arrange for policy development work to be conducted in order to inform the Council's strategic thinking about shared services.
3. That the protocol in this report is adopted to inform work on shared services within the Council pending development of a comprehensive policy through Overview & Scrutiny.

#### **4. REASONS FOR RECOMMENDATIONS**

To provide a framework within which work on shared services can progress and enable the Council to develop a clear policy on shared services.

#### **5. IMPLICATIONS**

- Staffing/Resources – Although there is significant potential for efficiency savings to be generated through shared services, the specifics would need to be considered on a case by case basis.
- Financial – The Director for Corporate Services has been consulted on the preparation of this report and at this stage there are no financial implications.
- Legal – The Director of Legal and Democratic Services has been consulted on the preparation of this report and has no additional points to raise at this stage, other than that any proposals which come before the Executive will need to be examined on a case by case basis and determined in accordance with the relevant legislative framework and Members overriding fiduciary duty to local taxpayers
- Corporate – The corporate implications have been considered by SMT
- Risk Management – There is a risk that the Council will miss out on the opportunities offered by shared services without a clear policy framework.
- Equality Issues – N/A
- Environmental – N/A
- Crime and Disorder – N/A

- Impact on Customers – The proposed protocol makes it clear that a negative impact on customers will not be tolerated in order to share services. Conversely the strategic intent is to drive up quality for customers.



# **Shared Services Policy (Draft 1.0)**

## **1.1 INTRODUCTION**

The purpose of this policy is:

- to describe the City Council's approach to Shared Services
- to define roles and responsibilities within the authority for Shared Services
- to define the policy framework within which decisions can be taken about Shared Services
- to define the criteria that must be satisfied before any arrangements for Shared Services are entered into
- to define the governance arrangements within the City Council in relation to shared services

The delivery of shared services in partnership with other organisations has the potential to save money and improve quality. The decision about whether or not to share a service should always be based upon a sound business case that clearly demonstrates benefits to Carlisle City Council and the communities it serves that outweigh any costs incurred.

Carlisle City Council recognises that there are opportunities and risks associated with Shared Services. The Council's approach to risk management will ensure that the right opportunities are not missed, while ensuring minimal exposure to risk.

In order for a Shared Services arrangement to be entered into on behalf of the City Council, the criteria described in this policy must be met. Compliance with the criteria must be clearly demonstrated in the business case for sharing a particular service. The business case will be scrutinised and agreed by elected members of the City Council.

## **2. STRATEGIC INTENT**

Carlisle City Council intends to share services wherever this supports the delivery of corporate priorities. Shared Services is not an end in itself, and will only be considered where it enables an increase in the quality and/or efficiency of service delivery.

## **3. COMMENTS ON THIS POLICY**

If you would like to comment on or complain about this policy, please contact:

Deputy Chief Executive, Carlisle City Council, Civic Centre, Carlisle CA3 8QG.

## **4. POLICY DETAILS**

### 4.1 Roles and Responsibilities

- 4.1.1 The lead officer for Shared Services is the Deputy Chief Executive. They are responsible for ensuring that officers comply with this policy and that the strategic intent of the City Council in relation to Shared Services is delivered.
- 4.1.2 The lead member for Shared Services is the Portfolio Holder for Finance and Performance Management. They are responsible for ensuring that members consider this policy when making decisions in relation to Shared Services.
- 4.1.3 The Corporate Resources Overview and Scrutiny Committee will scrutinise all business cases for Shared Services and, based on compliance with this policy and the criteria described herein, make appropriate recommendations to the Executive Committee.
- 4.1.4 Corporate Directors are responsible for developing business cases and delivering the resulting projects around Shared Services within the service areas for which they are responsible.
- 4.1.5 Decisions about shared services will lie with the Executive as long as they sit within the Policy Framework agreed by the City Council of which this policy is a part.
- 4.1.6 The Corporate Resources Overview and Scrutiny Committee will hold the Executive to account in relation to decisions pertaining to this policy.

### 4.2 Principles

- 4.2.1 Any shared services arrangement into which the City Council enters will conform to the following principles.
- 4.2.2 No Shared Services arrangement will be entered into unless there is a clear business case that will unambiguously benefit the citizens of the Carlisle District.
- 4.2.3 All participants to the arrangement are free and willing agents and they can expect their independence and statutory obligations to be respected.
- 4.2.4 The quality of service to the ultimate customer is not to be compromised. The prime purpose for the City Council's involvement in Shared Services is to drive up service quality.
- 4.2.5 The differences in organisational cultures and priorities, as well as legitimate variances in the local operating environments of participating organisations will be respected.

- 4.2.6 Any participant is free to form an alliance with as few or as many willing partners as they wish. For example a sub-regional agreement does not have to include every authority in Cumbria.
- 4.2.7 All costs, risks and benefits must be shared on an agreed basis. This must be agreed in advance and form part of the business case for a shared service.
- 4.2.8 There must be clear arrangements in place for management and scrutiny of alliances. The scrutiny arrangements are described within this policy – management arrangements may vary from agreement to agreement, but must be defined in the business case.
- 4.2.9 There must be an agreed process for the resolution of disputes but without prejudices to the right of withdrawal from any arrangement.
- 4.2.10 There should be no impediment to working collaboratively with the private or voluntary sector, other agencies or other local authorities outside the County or region.
- 4.2.11 There should be a common agreement to consult and involve employees and to introduce job protection arrangements as and when appropriate.
- 4.2.12 The identity of Carlisle City Council must be clearly linked to the direct delivery of appropriate services in the Carlisle District.

## **5. Governance**

- 5.1 The correct application of this policy is the responsibility of the Deputy Chief Executive and the Executive Committee. Observance of the policy will be scrutinised by the Corporate Resources Overview and Scrutiny Committee.