



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE & PERFORMANCE MANAGEMENT

Date of Meeting: 17 March 2008

Public *

Key Decision: No

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Inside Policy Framework

**Title: SHARED SERVICES, IMPROVEMENT AND EFFICIENCY
REVIEWS – PROGRESS REPORT**

Report of: Director of Corporate Services

Report reference: CORP99/07

Summary:

This report provides an update to Members on Shared Service initiatives and Efficiency and Improvement Reviews being progressed.

It covers progress on:

- a) Developing a Shared Services Strategy for Cumbria, including the Business Architecture Project;
- b) Revenues and Benefits Shared Management Arrangement with Copeland BC;
- c) ICT Shared Service proposals with Allerdale BC;
- d) Efficiency and Improvement Reviews.

Recommendations:

Members are asked to:

1. Note the work being undertaken towards developing a Cumbria - wide Shared Services Strategy and the purpose of the Business Architecture project, the results of which will be reported to Members in May and used to inform the progressing Strategy.
2. Note the progress to date on Carlisle / Copeland Revenues and Benefits Shared Management Arrangement, as detailed in section 3 of this report.
3. Approve the release £10,000 from the £200,000 set aside for developing shared services. This will be Carlisle's contribution towards meeting the cost of profiling a Carlisle / Allerdale ICT Shared Service business case, as detailed at 4.4 of this report.
4. Note the efficiency and improvement reviews outlined in section 5 of this report (see also Appendix B) and the priority being given to reviews which are likely to produce quick results (see 5.3) and those required to deliver budget savings in 2008/09 onwards (see 5.5).

Contact Officer: Peter Mason

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CITY OF CARLISLE

To: The Executive
17 March 2008

CORP99/07

SHARED SERVICES, IMPROVEMENT AND EFFICIENCY REVIEWS – PROGRESS REPORT

1. INTRODUCTION

- 1.1. This report provides an update to Members on Shared Service initiatives and Efficiency and Improvement Reviews being progressed.
- 1.2. It covers progress on:
 - a) Developing a Shared Services Strategy for Cumbria, including the Business Architecture Project;
 - b) Revenues and Benefits Shared Management Arrangement with Copeland BC;
 - c) ICT Shared Service proposals with Allerdale BC;
 - d) Efficiency and Improvement Reviews.

2. DEVELOPING A SHARED SERVICES STRATEGY FOR CUMBRIA

- 2.1. The Connected Cumbria Partnership Strategic Board (CCPSB) has initiated a large-scale service transformation programme to improve local public service delivery to deliver significant value for money. This programme has not only been shaped by the strong messages emanating from central government but also from key local drivers such as: -
 - A desire to change citizen's views that local government in Cumbria is a bewildering patchwork of councils, services and access points – built around bureaucratic convenience rather than the needs of individuals and communities.
 - A desire to deliver best value services that will be capable of matching the rising expectations of local communities.
 - Difficulties in recruitment and retention of quality staff within local authorities.
- 2.2. In summary, CCPSB is keen to adopt a strategic approach to service delivery across the whole of Cumbria in order to significantly improve the quality of life of their customers. The transformation strategy and roadmap will provide the basis through which such an approach can be realised.

Business Architecture Project

- 2.3. At their meeting in June 2007, the Cumbria Local Authorities Strategic Board (CLASB) directed the CCPSB to develop a Cumbria-wide Shared Service Strategy. The programme office prepared an outline business case and proposal and successfully bid to the NorthWest Shared Service board for £53,700 to support the development the Strategy.

- 2.4. The CCPSB, through CLASB, has engaged Aperia Government Solutions to undertake a Business Architecture Project and the cost is being fully funded by the NorthWest Centre of Excellence. This project will identify the relevant services of each Cumbrian authority, their methodology and outcomes, identify areas of duplication and present these in a common language.
- 2.5. Objectives of Business Architecture are: -
- To gather evidence to support the development of an informed Shared Service Strategy;
 - To provide an improved understanding, both individually and across Cumbrian authorities, of service activity in order to identify areas of duplication, re-engineering opportunities and potential savings; and ,
 - To provide a greater understanding of professional disciplines and assets and how they are currently deployed.
- 2.6. The City Council has arranged for a number of Directors, Heads of Service and officers to undertake an intensive training programme whose aim is to provide comprehensive operational details of the organisation by mid-March 2008. Training will be delivered during the first week in March giving 10 days to complete the data capture exercise.
- 2.7. An analysis of the findings will be produced for each participating Council by the end of March 08, followed by a Cumbria-wide comparative report.
- 2.8. The outcomes will link into the Cumbria-wide Shared Services Strategy and provide each Council with a service map of their organisation. More specifically, the Council will utilise the findings from this exercise to inform and further develop its approach to shared service and efficiency reviews in the medium term.
- 2.9. Carlisle has identified two service areas where potential shared services are in development. An update on both of these is provided below:

3. REVENUES AND BENEFITS SHARED MANAGEMENT ARRANGEMENT WITH COPELAND BC

- 3.1. This shared management arrangement commenced in September 2007 for an initial 6 months period to 31st March 2008. The overall objective of this interim arrangement is to potentially deliver a robust and complete 'shared service' arrangement for the management of Carlisle and Copeland's Revenues and Benefits Services to:
- improve the service to both Carlisle and Copeland stakeholders (customers, DWP, Members etc)
 - make efficiency savings for both councils.
 - provide a potential model for extending throughout Cumbria under any Cumbria-wide shared services initiative
 - build up managers' and practitioners' experience of working in a shared service environment.

- 3.2. The shared service business case will be produced based on the interim arrangements in place as they develop and these will be judged against predetermined criteria (referred to below).
- 3.3. The initial period of the management arrangement has recently been reviewed and it is proposed that Carlisle's Revenues and Benefits Managers (on a contractor basis) will continue to manage Copeland's Revenues and Benefits service to 30 September 2008 under the following terms:
- (i) The Head of Revenue and Benefit Services will take the lead contractor role delivering Copeland's requirements, i.e. evidencing performance, providing detailed costings of providing the management and technical support required (including input on any Member/Chief Officer reports on Revenues and Benefits matters, e.g. Local Housing Allowance). Appendix A provides a list of specific management and technical support to be provided during the period 1 April to 30 September 2008.

The success of these interim arrangements will be judged on how performance continues to improve. The opportunity will be taken during this period to continue to assess whether the interim arrangements that are evolving can be developed into a longer-term shared service initiative for joint management of the two Councils' services.

- (ii) Cost of service support provided by Carlisle is being charged based on corresponding salary and oncosts including 10% contribution towards Carlisle's indirect costs. Copeland resources structure will be supported remotely by Carlisle staff to resource vacancies/gaps in service delivery and Carlisle staff working on Copeland work will keep detailed timesheets to support work charged for. Any non-staff costs (travel and subsistence) charged on an actual basis.
- 3.4. Whilst it is not anticipated that there will be any major problems during the interim arrangements either Carlisle or Copeland can withdraw from the initiative subject to 3 months notice.
- 3.5. There will be costs associated with producing a robust business case should the current initiative progress to a full shared service. A request will be made as part of the year-end carry forward requests to fund this work from income earned from the arrangements during 2007/08.

Note: budget savings of £25,000 have been included in the 2008/09 base budget, which is a result of management savings achieved by progressing this initiative.

4. ICT SHARED SERVICE WITH ALLERDALE BC

- 4.1. Efforts to progress a Cumbria-wide ICT Shared Service have stalled. In the meantime, investigations are progressing on converging some elements of the Council's ICT service with Allerdale. It is recognised that there is a significant amount of similarity between the two ICT services in terms of both size, technical capability and service offering and both Councils see the merit of working together on continuing to develop a ICT Shared Service. Directors are working together to see whether the two separate services could be combined to provide a single IT service for both Councils.

- 4.2. Two progress meetings have taken place with Allerdale BC, involving Directors and IT Managers from Carlisle and Allerdale. The project would have two distinct phases:
- (1) To deliver a business case which would cover all aspects of joining the two ICT services together. A joint project team is looking to deliver this by the end of June 08.
 - (2) Upon delivery of the business case, both Councils would then consider whether to take the project forward. The business case will be put to the Executive for consideration at a future date. Subject to the business case being approved, then the project would move to the second stage, looking to deliver a shared service by April 2009.
- 4.3. A meeting was held on the 3rd. March 2008 to consider the draft Project Initiation Document (PID) that has been under development since the original meeting on 20th February 08. Both Councils supported this PID in principle (a copy of which can be made available if required).
- 4.4. The estimated cost for creating the business case would be £20,000. The bulk of this cost would be required towards the end of the first stage of the project when the business case would be need to be subject to external verification. This cost would be split equally between both Councils. £10,000 from the budget of £200,000 set aside for developing shared services is requested to be released to support this piece of work.

5. EFFICIENCY AND IMPROVEMENT REVIEWS

- 5.1. The role of the Shared Services and Efficiencies Working Group is to oversee shared services and efficiencies/improvement reviews carried out within the Council to the following terms of reference.

“To provide a forum to progress a detailed shared services strategy for delivery for the Council within the terms of the Shared Service Policy and to expand the remit of the group to cover wider efficiency and business improvement initiatives”.

- 5.2. Attached as Appendix B, is the monitoring schedule, which illustrates the broad range of reviews being undertaken by the Council (other reviews are also being undertaken as part of the Vacancy Management arrangements).
- 5.3. Efficiency reviews which are likely to generate short term savings (i.e. in 2008/09) and should therefore be given priority – these are:

	Target
Corporate review of printing and copying arrangements	£40,000
Review of the TIC	£23,000
Building Maintenance	<i>Not quantified (review in progress)</i>

- 5.4. The other reviews are likely to take longer to generate efficiencies

- 5.5. Other efficiency / savings, which includes the review of Community Development and the Brampton Business and Tele-Centre, must be delivered in 2008/09 as they form part of the agreed budget proposal for 2008/09 onwards. Due to their complex nature, these lengthy reviews should also be given priority during 2008/09.

6. RECOMMENDATIONS

- 6.1. Members are asked to:

- 6.1.1. Note the work being undertaken towards developing a Cumbria - wide Shared Services Strategy and the purpose of the Business Architecture project, the results of which will be reported to Members in May and used to inform the progressing Strategy.
- 6.1.2. Note the progress to date on Carlisle / Copeland Revenues and Benefits Shared Management arrangement, as detailed in section 3 of this report.
- 6.1.3. Approve the release £10,000 from the £200,000 set aside for developing shared services. This will be Carlisle's contribution towards meeting the cost of profiling a Carlisle / Allerdale ICT Shared Service business case, as detailed at 4.4 of this report.
- 6.1.4. Note the efficiency and improvement reviews outlined in section 5 of this report (see also Appendix B) and the priority being given to reviews which are likely to produce quick results (see 5.3) and those required to deliver budget savings in 2008/09 onwards (see 5.5).

7. REASONS FOR RECOMMENDATIONS

- 7.1. To bring the Executive up to date with matters concerning Shared Services and to request the release of capital funds to support the Council's involvement in an ICT shared service initiative with Allerdale BC.
- 7.2. To update the Executive on progress concerning the Council's internal efficiency drive and ongoing improvement reviews.

8. IMPLICATIONS

- Staffing/Resources – there are potential staffing / resources issues which may arise from individual shared services and improvement / efficiency reviews. These will be reported if and when they emerge.
- Financial – Savings have been built into the 2008/09 base budget in relation to improvement and efficiency reviews. There is also a non-recurring budget provision of £200,000 for the period 2008/09 to 2010/11 which has been earmarked to achieve potential efficiency savings as a result of the Shared Services agenda, the release of which requires the approval of the Executive. If Executive approve this report, £10,000 can be released from the £100,000 allocated for 2008/09 to fund the costs of profiling a Carlisle and Allerdale ICT shared service business case.

- Legal - The Council has powers, particularly under the Local Government Act 2000, to do anything which it believes will achieve the improvement of the social, environmental or economic well being of its area and this includes entering into collaborative agreements with third parties. Other powers are available under the Local Authorities (Goods and Services) Act 1970 which provides additional powers to enter into arrangements with other local authorities. In each case the Council should be satisfied that a sound business case for the arrangements can be demonstrated and that, in the case of any use of its 2000 Act powers, it has regard to its own Community Strategy when deciding whether or not to use those powers.
- Corporate – SMT have been party to the observations set out in this report.
- Risk Management – None
- Equality and Disability – None
- Environmental – None
- Crime and Disorder – None
- Impact on Customers – A required outcome of shared service business cases is improved service to customers (either internal or external).

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SHARED MANAGEMENT ARRANGEMENTS WITH COPELAND

Areas of further development to be progressed by 30 September 2008:

1. **Benefits**

- (i) Minor tweaking of the benefits structure to improve 'in house' service provision in the following areas:
 - Housing benefit overpayments
 - Team Leader review
 - Role of the 2 Technical Support Officers
- (ii) Further improving performance in respect of:
 - PM10 - major indicator next year
 - Accuracy – some initiatives in hand
 - Assessment Officer understanding of implications for subsidy/write offs etc
- (iii) Clarification of client/contractor responsibilities to accommodate different ways of working at a senior management level (between PM and JS), e.g.
 - CPA submission 2007/08
 - New Audit Commission inspection routine 2008/09
 - Service Plans
 - Budget profiling (particularly savings issues)
 - Professional advice

2. **Revenues**

- (i) Team leader skills (and management direction) in planning the daily, weekly etc business.
- (ii) Workflow routines, e.g. customer facing service.
- (iii) Performance management of teams and individual
- (iv) Recovery after Bailiff intervention.
- (v) Improve written procedures to support training and work consistency.
- (vi) Technical improvements in planning batch routine schedules.
- (vii) How to resource particular issues where Carlisle does not have the expertise to advise, e.g. Barcoding accounts, All Pay.

Schedule of Improvement Reviews

Updated 6th March 2008

Re ef	Service Area	Proposal	08/09	09/10	10/11	Gershon Efficiency?	Responsible Officer	Current Status
1	Community Development <i>(5% saving £82K)</i>	<p>Top quartile spending on ECD.</p> <p>Community Development cost £1.7m in 2006/07. SMT identified this services as a pilot service review</p> <p>This is a 2008/09 budget proposal for finding efficiency savings over the next 3 years.</p>	(53)	(153)	(153)	Possibly	M Battersby	<p>Preparation started Sept 06. Members workshop 19.03.07. Core meetings progressing 3 key areas to be concentrated on initially – events, grants and community centres. Comparisons made with other authorities showed Carlisle lacks strategic direction in this area and also offers a wider scope and higher level of funding support to third parties.</p> <p>Community Development Strategy needed to inform direction of service. Consultants to be commissioned – tender evaluation 29th February, Strategy to be produced by mid March 2008. Verbal progress report to SSWG at next meeting (26th March 08).</p> <p>The Executive expect a progress report back in May 08.</p>
2	Brampton Business and Tele-Centre <i>(5% saving £13K)</i>	<p>Top quartile spending on ECD.</p> <p>Number of immediate and continuing pressures facing the Centre and the future direction is unclear. SMT agreed that a formal review should be undertaken to address situation.</p> <p>This is a 2008/09 budget proposal for finding efficiency savings over the next 3 years.</p>	-	(200)	(200)	No	C Elliott	<p>Interim report to JMT on 7th December 06 clarified / examined current pressures on Centre and get a steer from Members on way forward.</p> <p>Review now to be progressed as part of the Property Review with Cumbria County Council. The outcome / future plans for the Centre will result from this review. The approach involves 2 pilot projects in Longtown and Brampton. The County Council has called the first Project Board meeting for Brampton on 6 March 08. A clearer idea of the timescale for this project expected after this meeting.</p> <p>The Executive has requested an options report by Sept 08.</p>

Ref	Service Area	Proposal	08/09	09/10	10/11	Gershon Efficiency?	Responsible Officer	Current Status
3	Creditor Payments / Debtor Invoicing <i>(due to devolved nature, 5% saving still to be determined)</i>	Current processing of Creditor invoices and creating debtor invoices operates on a decentralised basis. Payments and recovery are centralised activities. A number of utility invoices have already been centralised. Further proposals to introduce e-invoicing and DIP will generate efficiencies and improve BVPI08.	TBA	TBA	TBA	Yes	P Mason	Whilst some preparation work to support this review has been completed, an outline brief has yet to be prepared. It is suggested that an outline brief should be prepared (with input from the Head of IT Services who is keen to progress DIP processing arrangements for creditors), for consideration by the SSWG in April.
4	Corporate review of all printing and copying arrangements <i>(5% saving (Print Room only) £6K. Will be more as review is much wider than this – say £12K)</i>	Council operations require the support of printing services in a variety of forms. The scope of this review to cover the Print Room function, general office photocopiers and printers. External printing requirements will also be examined as part of the review.	(40)	(40)	(40)	Possibly	M Mark	Review commenced January 08. For copying requirements, exploratory work has focused on Print Room operations, running costs, usage levels etc. External printing requirements have also been examined. Consultants to be appointed to analysis existing (office printing and copying) hardware, cost, usage levels, with suggestions of practical cost effective solutions for the future. This exercise is to be completed by mid March 08 and the outcome will (a) inform tender process for replacement printing and copying equipment throughout the Council, and (b) support any longer term decisions to be made regarding the viability of the Print Room. Progress to be reported to the next SSWG meeting (26 th March 08). The Executive expect a progress report back in May 08.
5	Stores <i>(5% saving £6K)</i>	Arising from the corporate analysis of centrally recharged services, the Stores function has been identified as an area where efficiencies could be achieved by reviewing and streamlining working practices.	TBA	TBA	TBA	Possibly	M Battersby	Whilst an outline brief has been prepared for this review, this has not yet been agreed. This brief will be presented the April SSWG meeting.

Ref	Service Area	Proposal	08/09	09/10	10/11	Gershon Efficiency?	Responsible Officer	Current Status
6	Customer Contact Centre <i>(5% saving (Customer Contact Centre only) £30K, although savings likely to be achieved by the movement of tasks from service departments into Customer Contact Centre).</i>	SMT initially agreed this review in 2006. Not to say cuts will be made, but a recognition that we need to make some progress on the 'second stage' of customer contact development, idea being that more of our customer facing services are to be channelled through one point of contact, together with services releasing more resources to streamline and make our customer contact much more effective.	TB	TBA	TBA	Yes	J Gooding	Deputy CE now leading on this review and has presented proposal to Service Heads. ACE event scheduled 26/02/08 for all local authorities to respond to Access to Services inspection. Expected to see positive collaboration amongst authorities. The event will be followed by a scoping report (to be prepared by J Gooding) and a presentation to JMT to take this review further. Key officers from the Customer Contact (BB and JG) are involved in progressing this review.
7	Tourism - Tourist Information Centre (TIC)	A service review of the TIC has been commissioned in response to a 2008/09 budget proposal for finding efficiency savings over the next 3 years.	(23)	(46)	(46)	Possibly	C Elliott	The review will involve examining joint working opportunities with other agencies including Cumbria Tourism, Hadrian's Wall Heritage Ltd and the North West Development Agency, to increase capacity and improve service delivery. The Executive is to receive a progress report in May 08.
8	ICT Shared Services	Efforts to progress a cumbrian-wide ICT Shared Service has stalled. In the meantime, Carlisle City and Allerdale BC have recognised many commonalities in ICT and see the merit of working together on continuing to develop a ICT shared service.	TBA	TBA	TBA	Yes	A Brown	Following a meeting on 20.02.08 with Allerdale BC, it was agreed that an outline business case should be prepared by the end of June 08 - John Nutley to progress with the IT Manager from Allerdale. Allerdale BC. to provide HR support. The intention is that providing the business case stacks up and receives member support from both Council's, a full ICT shared service arrangement will be in place by June 09. Proposals are to be forwarded for consideration by the Executive in March 08 for a "in principle" decision.
9	Payroll and Personnel	Findings from the IPF benchmarking payroll exercise in 2006 indicated variances in capacity levels and processing costs compared to other district authorities. Also no formal benchmarking undertaken for Personnel	TBA	TBA	TBA	Yes	J Gooding	At the meeting of the SSWG on 20.02.08 it was agreed that a review of Payroll and Personnel should commence. G Martin to organise for both services to be benchmarked through the relevant IPF benchmarking clubs for 2007. Draft findings to be analysed and reported back to the SSWG in July 2008.

Ref	Service Area	Proposal	08/09	09/10	10/11	Gershon Efficiency?	Responsible Officer	Current Status
10	Building Maintenance	Review instigated by the Director of Corporate Services and the Director of Community Services, to sort out the over-spending and over-commitment issues, which have arisen as part of the Monitoring Process.	-	-	-	Possibly	A Brown / M Battersby	<p>Scope of review has been prepared/agreed by Angela Brown, Shelagh McGregor and Mike Battersby. Internal Audit is leading on this review, as it requires an objective and independent view. The review is to be completed early in 2008.</p> <p>The review will focus on pressing control issues relating to accountancy practices. Additionally, comparisons with other authorities and an overall Value for Money judgement are also sought as part of the outcomes.</p>
11	Marketing	<p>A proposal for a review of marketing activities throughout the Council was originally suggested by the Head of Community Services, via the Internal Marketing Group. There arose due to concerns that service areas undertake many different marketing activities and all seem to have adopted different approaches.</p> <p>The proposed review was to look at ways to reduce the cost of marketing activity and publications to Authority through areas of 'big spend' including design, advertising, distribution and printing.</p>	-	-	-	Possibly	M Battersby / A Brown	<p>The subsequently agreed review of all printing and copying arrangements throughout the Council (see ref. 3 above) will address the concerns from this proposed review of marketing.</p> <p>Also, it is expected that the Business Architecture exercise will highlight any areas of duplication in respect of duties involving marketing, advertising, designing, printing etc and measures to address such findings will be taken once the outcome of the exercise is known.</p> <p>No further action is therefore necessary on this review (it is recommended that ref. 12 should be closed).</p>

Schedule of Efficiency / Saving Budget Proposals

Updated 6th March 2008

Ref	Service Area	Proposal	08/09	09/10	10/11	Gershon Efficiency?	Responsible Officer	Current Status
12	Revenues and Benefits	Increased income from Shared Service management arrangement	(25)	(25)	(25)	?	A Brown / P Mason	Subject to further exchange of letters, the pilot shared management arrangement will continue until 30 th September 2008 before a decision is made whether the arrangements can be expanded into a true shared service.
13	Arts and Museums	Reduced expenditure on Arts and Events	(25)	(50)	(50)	?	M Battersby / M Beveridge	This is a review of the Arts service. A report has been considered which identifies that these savings are achievable. This review will also take account of the potential arts grant reduction of up to £72K being considered by the Arts Council North-West. The Executive has requested a review of the detailed savings in May 2008.
14	Housing Services	Reduced expenditure on EEAC	(35)	(35)	(35)	Possibly	C Elliott / A Eales	Possible re-tender in early 2008?
15	Tourism	Review of Conference Group service delivery	(15)	(29)	(29)	Possibly	C Elliott	The review is to consider whether the service could be self financing although there is concern that this could not be achieved in the short term. The Executive expects a report back in May 2008/
16	Corporate	Vacancy Management	(500)	(1040)	(1040)	Possibly	J Gooding	SMT will manage the scheme, determining which posts are filled/deleted, calculating the cumulative savings and agreeing, where necessary, new service standards and targets. Performance against the savings targets will be deleted to members as part of the performance management framework. Personnel and Accountancy need to discuss the most appropriate method to record / control the savings.