

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE - 14 JULY 2009

CHAIRMAN OF SHARED SERVICES TASK AND FINISH GROUP

11. REPORT FROM SHARED SERVICES TASK AND FINISH GROUP

WARD(S) AFFECTED: ALL

'D' RECOMMENDATION - that (A) Corporate Business Scrutiny Committee endorse the findings of the task and finish group and commend them to the Executive; and

(B) the Executive be requested to adopt the "Characteristics of Success" checklist set out in Appendix 'A' when establishing new shared services or partnerships as part of the risk assessment/evaluation process.

1.0 Purpose/Summary of Report

1.1 This report is intended to summarise the findings of the Shared Services task and finish group and present Corporate Business Scrutiny Committee and the Executive with a 'checklist' of key points to consider when establishing new shared services in future.

2.0 Contribution to the Council's Corporate Priorities/Objectives

2.1 In reviewing good practice examples of existing shared services and gathering evidence for strengthening partnerships in future, the work of this task and finish group is contributing towards:

Fit for purpose, services fit for you

Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.

Leading the way, working together

Deliver responsible community leadership that engages with our partners and the public.

3.0 Background

- 3.1 At Corporate Business Scrutiny Committee on 15 July 2008, the Committee agreed to set up a task and finish group under the Chairmanship of Cllr J O Ranger to look in more detail at the topic of 'shared services'.
- 3.2 Group leaders were asked for nominees and the following members were selected to sit on this group:
- Cllr R F Cheswright
 - Cllr N P Clark
 - Cllr G McAndrew
 - Cllr D A A Peek
 - Cllr J O Ranger (Chairman)
 - Cllr R I Taylor
 - Cllr D Andrews (contributing as visitor)
- 3.3 At the 26 August 2008 meeting of Corporate Business Scrutiny Committee, the Committee undertook a scoping exercise to give the task and finish group direction for its enquiry. This included asking the Leader, Councillor A P Jackson, to attend the next Corporate Business Scrutiny Committee meeting and give an update on progress of Pathfinder to the Committee.
- 3.4 The Leader accepted the invitation and gave an update at the Corporate Business Scrutiny Committee meeting on 7 October 2008.
- 3.5 At the 11 November 2008 meeting of Corporate Business Scrutiny Committee, during a discussion on the work programme, Members agreed to delay the start of the task and finish group until the New Year. Several key County meetings were due to occur during December 2008 and January 2009 involving Council Leaders and Chief Executives and it was thought that the outcome of these should be clear before the task and finish group began its work.

4.0 Report

- 4.1 The task and finish group met on 17 February 2009 to hear the new up-dates on Pathfinder from the Leader, clarify and refine the scope of the review (see Appendix 'B', pages 11.10 - 11.12) and make plans for the main evidence gathering sessions.

- 4.2 The two examples which the group chose to examine in detail were:
- Parking Enforcement: where East Herts provides and manages a service on behalf of other councils.
 - CCTV: where Stevenage BC provides a service to us and others which is managed through collective decision making with a Joint Committee.
- 4.3 Members were reminded that the focus for this task and finish group was to use these two services as contrasting models of partnership arrangements to review the characteristics of successful working relationships - not review the services themselves or their performance. This exercise was also not a review of Pathfinder.
- 4.4 The Group convened at the Buntingford Depot on 10 March 2009 with visitors from District Council partners in the Parking Enforcement shared service, the East Herts parking manager and the contract manager from APCOA.
- 4.5 On 27 April 2009 the group visited the CCTV control room in Stevenage and afterwards convened for a second evidence gathering session with our Stevenage and North Herts council partners in the CCTV shared service.
- 4.6 There was a final meeting of the group on 12 May 2009 where the key learning points from the two previous sessions were discussed and recommendations for this report agreed.
- 4.7 The evidence gathered at the meetings and gleaned from external sources led the task and finish group to conclude that shared services and partnership working offer significant benefits:
- Economies of scale leading to lower costs than providing the service on one's own (including procurement see Appendix 'D', page 11.14 for more details)
 - Provides a driver to improve service provision and help continuous service improvement through joint/shared measurement and evaluation
 - Training needs easily identified and knowledge pooled
 - Wider career development opportunities for staff
 - Greater ability to tap into industry knowledge and best practice
 - Build resilience into service delivery

4.8 The evidence also pointed to some key barriers and pitfalls which can undermine the success of shared services/partnership working and sour the relationship between parties. The expert witnesses were particularly keen to emphasise the negative impact caused by:

- Not addressing problems and allowing them to escalate.
- Having high staff turnover.
- Coping with disparate expectations.
- Asking staff to cope with non-aligned administration/processes.
- Failure to communicate.

4.9 These negative points are well summarised in Appendix 'E' (page 11.15) and have been taken into account when compiling the 'characteristics for success checklist' in Appendix 'A' (pages 11.7 - 11.9).

4.10 In considering the evidence for success in shared services, the task and finish group was impressed with the review already carried out by the Scottish Government on this topic. Its work has led to the publication of *Shared Services – Guidance Framework* (published in Dec 2007) and an extract of the key findings are attached here as Appendix 'C' (page 11.13).

4.11 Based on expert witnesses and external evidence (best practice examples) collected by desk-based research, the task and finish members have complied the 'characteristics for success checklist' shown as Appendix 'A' (pages 11.7 - 11.9), which they recommend be taken into consideration when any new shared service/partnership is being developed.

4.12 The group support the involvement of East Herts in shared services and partnership working and hope the Pathfinder projects now in the pipeline will come to fruition soon. The lack of obvious progress to date has been a source of some frustration. However, the group is keen to have sound partnerships developed, based on thorough evaluation of the business case and risk assessments rather than see East Herts enter into inappropriate arrangements. The task and finish group hopes that the 'checklist' recommended here will contribute to that thorough evaluation.

5.0 Consultation

5.1 Evidence has been gathered through discussions with North Herts, Stevenage and Welwyn Hatfield Council partners: and the involvement of contract managers supplying the shared service.

6.0 Legal Implications

6.1 None from this report but shared services and partnership arrangements are subject to contracts, letters of agreement etc that need to be addressed fully on each occasion.

7.0 Financial Implications

7.1 None from this report

8.0 Human Resource Implications

8.1 None arising from this report

9.0 Risk Management Implications

9.1 None from this report but entering into any shared service or partnership arrangement carries a level of risk which must be determined as part of the evaluation/planning phase and managed in accordance with council policy.

Background Papers:

Extract from presentation:

Shared services: barriers and pitfalls

From t-Gov Shared services 2007 conference

extract attached here as Appendix 'E' (page 11.15)

Extract from presentation:

Auditing Shared Services

From t-Gov Shared services 2007 conference

Extract from presentation:

Art of the possible: what to share, with whom and how?

From t-Gov Shared services 2007 conference

Shared Services in Suffolk:

Top tips for shared service success

From e-Gov monitor

Extract from presentation:

A match made in heaven?

From t-Gov Shared services 2007 conference

extract attached here as Appendix 'E' (page 11.15)

Extract from presentation:

Removing barriers to Shared Services

From t-Gov Shared services 2007 conference

Extract from presentation:

Advice to Shared-Service virgins!

From t-Gov Shared services 2007 conference

Shared Services Guidance Framework:

Successful Shared Services/Challenges & Issues

By the Scottish Government

extract attached here as Appendix 'C' (page 11.13)

Joint Authority Projects Guidance

Advantages of joint working: disadvantages of joint working

Vital factors for success

By 4ps (local government's partnership and project delivery specialist)

extract attached here as Appendix 'D' (page 11.14)

Additionally:

East Herts councillors were given a background information pack to support their CCTV visit. It contained material available from the CCTV page of the Stevenage BC web site:

- <http://www.stevenage.gov.uk/townandcommunity/cctv/jointpartnershipccvinitiative> to outline the partnership.
- http://www.stevenage.gov.uk/townandcommunity/cctv/dnld_cctv/Partnership_Newsletter_February2009 the most up-to-date news letter called Camera Shy
- http://www.stevenage.gov.uk/townandcommunity/cctv/dnld_cctv/hertford2009.pdf the management report for Hertford Town Centre (as a typical example) to show breakdown of results by camera with respect to incidents and arrests.
- http://www.stevenage.gov.uk/townandcommunity/cctv/dnld_cctv/taste-of-perfect-partnerships-stevenage.pdf a media article written in 2007 by CCTV user group.

Notes of the four task and finish group meetings detailing the discussions are available from the Scrutiny Officer. Requests by email can be made to scrutiny@eastherts.gov.uk

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What makes Shared Services work?
– Characteristics of successful partnerships to be considered when establishing shared services/partnership working

Characteristics for success (initial setting up)	*Evidence/evaluation
Clear common objectives genuinely shared (all partners must agree what is and what is not to be covered by the service) and owned (at both director and officer level of the partner organisation)	
Clear governance/constitutional arrangements with agreed code of practise (guidelines) meeting legislative requirements and addressing routes for dispute resolution.	
Having a commercial approach - with a well drafted Agency agreement if agents are to be used	
Clear understanding of who is a full-partner Council and so on an equal footing with respect to decision-making, and who is a client Council. Agreements should be clear about the notice periods required for change and have a clear pricing structure for both full partners and client councils.	
Geographic proximity of partners helps, but 'cultural' overlap is very important.	

Characteristics for success (initial setting up)	*Evidence/evaluation
A positive relationship between Councils is essential with a joint commitment to high performance service culture.	
Strong branding and identity	
Run by a dedicated Officer (& Manager if contractor agency is used) with appropriate delegated authority for responsive operational decision making.	
Use same processes and systems for all partners but have a flexible approach able to accommodate some cultural differences between partners or areas	
Holding regular (at least monthly) meetings of partners to resolve any problems is essential. Wherever possible, it is ideal to have the contractor's central team co-located with council office so day to day problems may be solved quickly.	
Joint risk registers with shared workshops to develop and update.	
Clear HR retention and training policy for agency staff - to help underpin continuity/consistency of service delivery and minimise staff turn-over rates.	
Stability in partnership management team and on any Joint Committee with consistent attendance	
Ensure service continuity is provided for all areas/districts covered with no 'favouritism' shown for the lead partner	
No changes made without talking them through with partners	

Characteristics for success (initial setting up)	*Evidence/evaluation
Work closely with other/external organisations connected to the service being offered	
Keep the public well informed e.g. issue success story press releases	

- For future use by services



**SHARED SERVICES task and finish group
AMENDED/UPDATED SCOPE version – for CBS**

What is the purpose of the review – what would it achieve?
To look at examples of the **'shared services'** we currently have with other authorities to identify the characteristics of what makes a 'successful' partnership in this context so lessons can be learned as we move forward with new Pathfinder arrangements.

How would you judge if it were successful?

- Make recommendations to Executive for consideration on the way forward on partnership relationships
- Shared services in future which deliver improved services/lower costs
- Work in positive partnerships which build resilience

What would be the distinct stages and timing of the review?

- To keep updated with the progress of Pathfinder arrangements (Oct 2008 and Feb 2009)
- Set up T&F group (with 7 members; Cllr Ranger in chair) to review existing arrangements, identify those to be looked at in more detail and confirm scope of the review (planning meeting on 17 February 2009)
- To review the relationships for the two chosen services (**Parking Enforcement and CCTV**) during March/April 2009 with 1 'on-site' meeting each.
- To discuss findings, evaluate evidence gathered and approve draft report at a final (third) meeting (estimated for May 2009).
- Report back to CBS in July 2009.

How could our residents (and partners) be involved? (Location of meetings?)

- Residents not involved at present.
- Meet with officers and Members of current partner authorities
 - one where we lead/offer service and manage it (Parking Enforcement)
 - one where we are in a joint partnership which another delivers the service (CCTV)

<p>Documents/evidence/research <i>What?</i></p> <ul style="list-style-type: none"> • List of existing shared services • Background information relevant to the scope and remit of this review <p><i>Why?</i> To give context and enough information on current situation to make informed recommendations on the way forward.</p>	<p>Questions to be asked</p> <ul style="list-style-type: none"> • Set context • From the two chose services (Parking Enforcement and CCTV)
<p>Site visits <i>Where?</i></p> <ul style="list-style-type: none"> • Buntingford depot • Stevenage CCTV <p><i>Why?</i></p>	<p>Questions to be asked</p> <ul style="list-style-type: none"> • <i>To see one of our services that operate services for others</i> • <i>To see a service where we share management through a Joint Panel</i>

<p>Support required from officers <i>Who/What?</i> Support needed from Directors, Heads of Service and from Scrutiny</p> <p><i>Why?</i> <i>Directors/HoS = expert knowledge</i> <i>Scrutiny = background research and admin</i></p>	<p>Questions to be asked</p>
<p>Witnesses <i>Who?</i></p> <ul style="list-style-type: none"> • Leader • Stevenage Borough Council officer and Members • Welwyn Hatfield Council officer (and Member) • Beacon councils (could be a written submission or desk based research) e.g. Suffolk <p><i>Why?</i> <i>To learn lessons from existing partners which can be used to improve partnership management and relationships in future?</i></p>	<p>Questions to be asked</p> <ul style="list-style-type: none"> • Where are we now, what is already in the 'pipeline', what (significant) savings have already been made, what is your vision for East Herts (wrt shared services) in the future ? • In relation to Parking Enforcement and CCTV • In relation to Parking Enforcement. • What innovative ideas have you actioned, what savings have been made, what were the barriers and how did you overcome them ... ?



Shared Services – Guidance Framework

December 2007

Successful Shared Services

The move to Shared Services has gained momentum in both the public and private sector and there are many successful Shared Services operating today, some of which we have profiled in Appendices A and B. Some organisations have been disappointed in the results from adopting Shared Services whilst others have achieved benefits far beyond their expectations. An in-depth analysis of best and worst practice clearly indicates that most of these initiatives fail due to a lack of clear understanding of Shared Services and how to manage the change it involves.

Successful Shared Services models not only achieve significant cost savings; they release substantial resources for front-line services and core policy activity. They can bring direct and indirect benefits to citizens by significantly improving standards of service delivery, and multi channel access. Shared Services is an integral part of wider service transformation and public sector reform.

Summarised below are the most common statements taken from Shared Services organisations that indicate what is required to make Shared Services successful.

- Secure strong leadership that is cascaded down through the organisation
- Align Shared Services with the business strategy and organisation model, IT and processes
- Agree a shared vision for the future state of Shared Services
- Important to recognise how Shared Services will operate in organisational environment in terms of governance
- Involve stakeholders in building and realising the business case to deliver significant benefits
- Build a compelling case for change and communicate it to employees at all levels to assist with culture change, buy-in and participation
- Put in place strong governance, programme and change management from the outset
- Simplify with no compromises and maximise automation
- Allocate adequate resources – quality and quantity, staff, money etc
- Select the right location for the service/business
- Performance measures, benchmarking, measuring success
- Create a high performance service culture in the Shared Services organisation and select leadership based on competencies required
- Measure performance using an established baseline and track progress against benefits to inform decision making

EXTRACT from a document published 21 December 2007
<http://www.scotland.gov.uk/Resource/Doc/82980/0055049.pdf>



joint authority projects guidance

advantages of joint working

There are potentially many advantages to joint working of the procurement of a project.

- a joint procurement offers a larger project which is likely to be more attractive to potential bidders.
- shared costs of procurement. A joint procurement will reduce the individual costs to each authority, through economies of scale. For example a single project director and both authorities using the same advisers. (However, legal advisers will rarely agree to act for both authorities on a joint procurement)
- if one of the authorities is already in the predevelopment stage and the other is waiting to begin work on their project, the second authority can accelerate the development of their project
- in such a staggered start, the second authority might possibly not have to go through the same procurement process. This will only be the case if the initial OJEU notice is drafted to take this into account. They can work with the first authority on the procurement of the project, which is advisable to ensure they have an input into the evaluation and selection of a partner
- the joint working might accelerate the rate at which the investment takes place, thus benefiting communities
- to utilise the skills from each authority for the benefit of the joint procurement. It might be that one of the authorities is lacking a particular skill that the other authority is able to offer, through the enhancement/reinforce the current level of skills
- individual career development can take place as a result of access to professional support in a formal way, filling skills gaps
- joint working can prevent each authority from having to do all the work themselves, and with only one authority having to go through a steep learning curve
- to utilise the learning from the project and perhaps embark on further joint working opportunities between the authorities
- to begin to work with another authority, which might have been an aspiration but never actually previously achieved. This may be due to it being perceived as 'too difficult' or because there is a lack of willingness by senior management, members or the other authority
- to gain the learning from such an opportunity and see where this takes the authorities for further joint working opportunities

EXTRACT from document: published January 2009

<http://www.4ps.gov.uk/>



Shared Services Barriers and Pitfalls

- Lack of baseline data
- Disparate understanding of project purpose
- Lack of clarity about where efficiencies will come from
- Lack of buy in
- No real ownership or drive to deliver
- Lack of expertise/resource
- Unwillingness to take tough decisions
- Lack of trust and genuine sharing of risks

EXTRACT from a presentation entitled *Partnering for Success – a DCLG perspective*

Delivered by Sue Reid: Head of Local Government Modernisation and Efficiency
at t-Gov Shared Services 2007 conference

Dr. Fritz Kroeger identified six deadly sins associated with post-merger integration

- Superficial vision of what partners want to achieve
 - “Fit” is enough to launch a successful partnership, but never enough to ensure one
- Lack of strong leadership
 - Allows simmering conflict, unresolved decisions and anxiety
- Focus on cuts, closings and other cost-cutting moves as “early wins”
 - Rather than improvement
- Imposition of a different corporate culture
 - Needs sensitive management
- Failure to communicate
 - With employees, shareholders and customers
- Lack of risk management
 - No focus on how to mitigate the risk of things going wrong

Improvement through efficiency

The Vision: Transforming Through Sharing

EXTRACT from a presentation entitled *The vision: transforming through sharing (or “a match made in heaven?”)* delivered by Julian Morley: Director South West Centre of Excellence (SWCoE) at t-Gov Shared Services 2007 conference.