

EAST HERTS COUNCIL

THE EXECUTIVE – 8 FEBRUARY 2011

REPORT BY THE LEADER OF THE COUNCIL

SHARING SERVICES WITH STEVENAGE BOROUGH COUNCIL

WARD(S) AFFECTED: ALL

---

**Purpose/Summary of Report**

- To ask members to approve the development of a strategic business case for sharing Support Services and to support in principle closer collaboration at Corporate and Senior Management level with Stevenage Borough Council.

<b>RECOMMENDATIONS FOR DECISION BY THE EXECUTIVE: that</b>	
<b>(A)</b>	<b>in principle, the exploration of closer corporate management arrangements with Stevenage Borough Council be supported;</b>
<b>(B)</b>	<b>the development and assessment of a strategic business case for sharing support services with Stevenage Borough Council be approved;</b>
<b>(C)</b>	<b>subject to agreement with Stevenage Borough Council, to agree that further discussion should take place with North Herts District Council following NHDC's expression of interest in the shared service arrangements outlined here; and</b>
<b>(D)</b>	<b>the application to Improvement East for £25,000 to fund this work, be supported.</b>

1.0 Background

1.1 The current economic climate is encouraging councils to seek new ways of delivering services. Sharing back-office/support services is seen as a way of improving resilience and reducing

costs. Any savings can then be used to protect front-line services. East Herts has a good record of working in partnership with other authorities and is working with Stevenage Borough Council, North Herts District Council, Welwyn and Hatfield Borough Council and Broxbourne Borough Council currently.

## 2.0 Report

2.1 Building on the joint working on Revenues and Benefits services, East Herts Council and Stevenage Borough Council anticipate that there may be significant benefit in sharing other services and have identified a number of areas of common interest.

2.2 East Herts Council is also looking at its succession planning arrangements prior to the anticipated retirement of the Director of Internal Services.

2.3 It is expected that sharing will provide effective services for both authorities, at a lower cost and with a higher level of resilience than either authority would be able to achieve independently. East Herts and Stevenage have successfully integrated management of their Revenues and Benefits Service and will use this experience to develop their approach to sharing other services.

2.4 The initial focus for shared services will be back office 'support services'. However front-line services may be included where there is a subsequent opportunity. The authorities have common interest in sharing the following support services:

- Facilities Management
- Human Resources
- ICT
- Strategic Financial Advice

2.5 A phased approach will be taken to transforming these services. Firstly a clear shared vision and engagement within both authorities will underpin the planned transformation. It is anticipated that an interim management arrangement may be proposed at this stage to oversee further work. Secondly the Strategic Business Case will be developed including potential savings, baseline costs, key principles and HR assumptions related to delivering these services in partnership. The strategic

vision for each service will be set out together with potential partnership models, risk management and legal issues.

2.6 The objectives for Phase 1 - Shared Vision are to:

- Agree the key principles for partnership.
- Gain formal commitment from both Council's Executives to 'the intent to partner', the creation of the shared vision and the development of the strategic business case, including commitment of resources.
- Jointly develop a shared vision for the partnership, clearly describing the future state and what delivering shared service may look and feel like.
- Gain Member, senior officer and key service specialists engagement and buy-in to the shared vision.
- Setup a joint programme team to develop the strategic business case and future phases of work.

2.7 The objectives for Phase 2 - Strategic Business Case are to:

- Assess partnership models and identify the preferred option.
- Develop a strategic vision for each service, describing at a high level the services which will be delivered and how this will meet the requirements of both authorities.
- Baseline the costs of the services
- Estimate financial savings and align with both Council's Medium Term Financial Strategy's.
- Estimate the non-financial benefits
- Assess the HR and legal considerations
- Identify what elements of the services are out of scope for the shared service (and will remain within each authority)
- Assess the options and prioritise for the development of detailed business cases and implementation, and identify the preferred approach
- Gain formal approval from both Councils to the strategic business case and commitment to the development of detailed business cases and implementation of shared services. This will be concluded by July 2011.

The Section 151 Officer at North Herts District Council has indicated to colleagues here and at Stevenage that North Herts would like to be involved in the exploration of shared service options for the services being considered. The benefits and risks of widening these discussions will be considered whilst our two Councils develop the business case for our shared services.

- 2.8 If appropriate, based on the level of financial and non financial benefits, further phases of work will be initiated to deliver live partnerships before March 2012. The resource requirement for the future phases will be assessed separately and do not form part of this funding bid.
- 2.9 Savings targets have already been set within the MTFP and it is anticipated that some of the work will be to enable the delivery of already identified savings but with a better degree of resilience. The key areas of cashable savings are reduced staff costs, through shared management and staff and ICT revenue costs. The shared service may also enable reduced capital expenditure, for example future investment costs may be reduced.
- 2.10 The potential non-financial benefits of sharing support services include:
- Increased resilience within the support services - measured through performance and satisfaction with service (e.g. time to fix ICT incidents or respond to service requests) and better arrangement between the partners in the event of a business continuity issue.
  - Increased (internal) customer satisfaction - measured through quarterly customer satisfaction surveys, taking the pre partnership satisfaction as a benchmark
  - Enable future partnership opportunities - common systems and ICT systems and applications have been identified as a key enabler for sharing frontline services between the two authorities. Measured through the degree of convergence in these policies / services
  - Disaster recovery – better arrangement between the partners in the event of a business continuity issue
- 2.11 A joint team from each service will be established to deliver the Strategic Business Case, bringing together staff from both authorities reporting to the Director of Internal Services (EHC) and Director of Resources (SBC) under the guidance of a part-time

Project Manager. The Project Manager role may be funded in-house or with RIEP funding and back-fill any HR or Finance specialists to enable them to be released to the project. It is anticipated that this will cost each authority up to £25,000 and a bid has been made to Improvement East to provide this funding.

### 3.0 Options

3.1 In considering a shared service for Revenues and Benefits services, alternative options were explored including a move to outsourcing. On balance, the shared service option was preferred but with an expectation that an outsourcing or similar arrangement would not be ruled out as a second stage of delivering efficiency gains based on a more attractive proposition for the market than either Council acting alone could achieve. A similar approach is proposed for this wider range of services.

### 4.0 Implications/Consultations

4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

### Background Papers

Partnership Protocol – Corporate Business Scrutiny August 2009

Contact Member: Cllr Tony Jackson – Leader of the Council

Contact Officer: Anne Freimanis – Chief Executive Ext No 1403

Report Author: Philip Hamberger - Programme Director of Change  
Ext No 2005

## ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives	<b>Fit for purpose, services fit for you</b> <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i>
Consultation:	Contained within the report.
Legal:	Contained within the report.
Financial:	Contained within the report.
Human Resource:	Contained within the report.
Risk Management:	Contained within the report.