

SHARED SERVICES STRATEGY

EXECUTIVE MEMBER: Councillor Elaine Woodburn
LEAD OFFICER: Keith Parker – Acting Corporate Director Quality of Life
REPORT AUTHOR: Keith Parker – Acting Corporate Director Quality of Life

Summary and Recommendation:

This report seeks Executive's approval the Council's Shared Services Strategy.

It is recommended that :-

- a) Executive agree the Shared Services Strategy and recommend it to Council for adoption.
- b) £10,000 is earmarked from general reserves to fund preparatory work, towards a business case for a shared internal Audit function, working with Allerdale Borough Council, Carlisle City Council and Cumbria County Council.

1. INTRODUCTION

- 1.1 In March, as part of its scrutiny of the Revenues and Benefits shared services initiative with Allerdale and Carlisle, OSC Management recommended that the Council should adopt a shared services strategy. Subsequently the Shared Services Strategy, appended to this report, was drafted based on models existing in other Councils. The Strategy, subject to a couple of minor amendments, was endorsed by the Searching for Best Value group.
- 1.2 As a full strategy, Council's approval is needed to adopt it, however it is brought to Executive first for signing off prior to June's Full Council.
- 1.3 In parallel with the development of the Shared Services Strategy, an opportunity has emerged to work with Allerdale Borough Council, Carlisle City Council and Cumbria County Council to develop a proposal to share internal audit services. This opportunity emerged from a quarterly meeting of the County Treasurers' Group, in March, following work already underway between Carlisle and Allerdale to develop a framework for sharing audit services.

- 1.4 An initial discussion was held on 27th April, where officers from the four Councils met to consider drafting a project initiation document (PID) for developing a business case for sharing internal audit services. Copeland was represented by the Head of Finance and MIS and the Audit and Fraud Prevention Manager. The Copeland internal audit team has received a briefing regarding this initial discussion.
- 1.5 Carlisle City and Allerdale Borough had developed a preliminary PID as part of its initial plans for closer working and this was discussed as the basis for developing a PID for all four Councils to consider. The proposal would involve bringing together the four audit teams (around 27 posts – to be confirmed) within Cumbria to establish an internal Audit Team to provide a critical mass of audit experience to support the four organizations. It was envisaged that the benefits from the arrangement would be as follows:-
- Increasing capacity and capabilities for internal audit services through delivering economies of scale
 - Opportunities for cost reduction in ongoing revenue costs for the Councils in the longer term
 - Improvement in service delivery as a result of establishing a critical mass of audit experience, which should enable development of key competencies which can be shared across all four Councils e.g. computer audit, VFM, performance review, risk based reviews etc.
- 1.6 At this initial stage, the officer group felt that, drawing on experience of shared services for Revenues and Benefits (Allerdale, Copeland and Carlisle City) and IT (Allerdale and Carlisle) it is important that the agreement in principle for developing the business case is secured from all four Councils. In addition, it is necessary to ensure that in principle, funding is secured to develop the business case. Expertise in terms of legal and personnel advice may be required as the business case takes shape.
- 1.7 As the opportunity to work to develop a shared Audit Service amongst four of the Councils in Cumbria is in accordance with the principles of the proposed Strategy, Executive is asked to set aside up to £10,000 towards this Council's costs in establishing a business plan for the shared service. Executive will receive an update report, once the PID is prepared. The decision to pursue a shared service arrangement will be dependent upon Executive's approval of a business case where the options for consideration and their implications are clearly understood.

2. CONCLUSIONS

- 2.1 The Shared Services Strategy sets out a framework for the Council into the future in relation to the common provision of services with others. This framework will help to guide the Council's employees working on the shared services agenda while also sending a positive but clear set of criteria to external partners wishing to work with us.
- 2.2 Since an opportunity has arisen to work in partnership with several of the other Cumbrian authorities in respect of internal audit it is further recommended this opportunity be taken, potentially to increase the resilience of the audit function and create cost savings through the economies of scale a single function would bring.

3. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 3.1 It is recommended £10,000 be set aside from general reserves to assist with the creation of a business plan in relation to a shared Audit service. There are no other financial or HR issues arising from this report at this time. Over time it is anticipated each shared service should generate around 5% savings whilst developing greater flexibility and resiliency in the shared service.

4. PROJECT AND RISK MANAGEMENT

- 4.1 There are no specific project management issues at this time. Work packages will be developed in relation to the shared Audit Service PID proposal and will be considered as appropriate.

5. IMPACT ON CORPORATE PLAN

- 5.1 This report directly supports the Corporate Plan (1.4).

List of Appendices: Shared Services Strategy

List of Background Documents: None

List of Consultees: Corporate Team, Cllr E Woodburn

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	No direct impacts.
Impact on Sustainability	No direct impacts
Impact on Rural Proofing	No direct impacts
Health and Safety Implications	No direct impacts
Impact on Equality and Diversity Issues	No direct impacts
Children and Young Persons Implications	No direct impacts
Human Rights Act Implications	No direct impacts
Monitoring Officer Comments	No Comments
S151 Officer Comments	None

Please say if this report will require the making of a Key Decision NO?

Copeland Borough Council

Shared Services Strategy

Introduction

This strategy aims to provide an overarching framework for the Council's approach to 'Shared Services'. Since every shared service will be different it does not attempt to provide a definitive guide to the establishment of a shared service, instead it aims to provide a general overview of issues to be considered by those services seeking to enter into a shared service arrangement.

The delivery of shared services in partnership with other organisations has the potential to reduce costs, improve the quality of services and increase the resilience of delivery teams. The Local Government Whitepaper "Strong and Prosperous Communities" published late in 2006 states "*there are significant opportunities to improve the quality and efficiency of services by joint working – either between some of the 388 Councils in England, with other local public bodies, or at a regional or national level. We want all local authorities to unlock these potential benefits by delivering more services in collaboration with each other, with other local public service providers and with the private or third sector.*"

Copeland is a relatively small Council and, in common with all, is facing the dual dilemma of how to meet increasing public expectation whilst financial resources are increasingly squeezed. To meet these challenges new thinking and new ways of working will be required to ensure the public receives the level of service required. Sharing services will be a key element of the Council's response.

Shared services present both opportunities and risks to the Council. Any shared service proposal should be supported by a business case demonstrating the service and financial benefit to the Council and its customers together with the advantages and disadvantages of proceeding. The business case will be scrutinised and agreed by elected members before the business case can be implemented.

Definition

Shared services can range from co-locating with another organisation so by reducing premises overheads, through partnership working and the sharing of best practice procedures and systems, to full integration of management and operational activities with other public, private or voluntary sector organisations. The mechanism for sharing will be different in each case depending on a number of variables including the nature of the service, its location, the number of partners and the number of employees concerned.

Which Services?

The assumption of this strategy is that any function of a local authority is capable of being shared. Clearly some services are more suitable to share than others and whilst the Council may be willing to share certain services with specific partners it should be recognised the targeted partner may not be in a similar state of readiness. The Council itself should always be open to approaches from others when asked to consider sharing a service.

Principles

Any shared service into which the Council considers entering must conform to the following principles.

- There must be a clear business case outlining the benefits to the Council's customers in terms of service quality and cost.
- Shared service arrangements should be set against a performance management and value for money framework so that the Council and its members can be assured (and monitor) performance improvement and best value.
- No shared service should be entered into if there is a detrimental impact on other Council activities. Decisions should be taken in the best overall interest of the Council and its customers.
- Shared services carry risks as well as benefits and a balanced risk appraisal must form part of the business case. Measures should be put in place, commensurate with the level of risk, to control these risks for the life of the shared service.
- In all cases the Council's Constitution, Financial Regulations and Contract Standing Orders should be taken into consideration. Where variances are required to affect a shared service such variances should be agreed by the Council's properly constituted body.
- Management governance arrangements for the shared service partnership should be clarified as part of the business case.
- Political governance arrangements should be considered to ensure elected members retain the appropriate level of oversight, scrutiny and control consistent with the nature of the shared service and the number of partners.
- Effective consultation and communication with affected employees, trade unions and elected members is required as shared services business cases are developed and implemented in accordance with good employment practice.
- Shared services are likely to lead to an overall reduction in the number of employees engaged in the activity. As an area with significant economic challenges employment availability in the borough is important. Therefore, the aim should be, averaged over all shared services, to retain an equivalent number of jobs in the area commensurate with the overall 'downsizing'.

Further Guidance

Further guidance and background for those pursuing a shared service can be found in the Cumbria Shared Services Strategy 2008 which can be found on the intranet in Policy and Performance – Performance Improvement