

Committee: PERFORMANCE SELECT COMMITTEE

Agenda Item

Date: 6 NOVEMBER 2007

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Title: UTTLESFORD IN 2011 TRANSFORMATION
PROGRAMME – SHARED SERVICES
PROJECT PROGRESS REPORT

Author: Mike Brean, Director of Business
Transformation 01799 510330

Item for information

Summary

1. This report gives an update on the progress of the shared services transformation programme work stream. It includes the outline business case for shared services (appendix 1), the shared services project initiation document (appendix 2) and some examples of other local authority shared service and collaborative working (appendix 3).

Recommendations

2. That the Committee: -
 - a. Notes and comments on the progress of the shared services work stream.

Background Papers

3. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
 - The report to council on 12 December 2006;
 - The report to council on 15 February 2007;
 - National Audit Office publication - value for money in public sector corporate services.

Impact

Communication/Consultation	See relevant paragraphs.
Community Safety	None.
Equalities	None.
Finance	See relevant paragraphs.
Human Rights	None.
Legal implications	None.
Ward-specific impacts	None.

Workforce/Workplace	See relevant paragraphs.
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Situation

Shared services and collaborative working

4. The Communities and Local Government define shared services as a collaborative approach to service delivery in which a number of local authority functions or services are concentrated into a discrete, semiautonomous business which has a management structure, staff and other resources designed to add value to the participating authorities and their stakeholders, be this in terms of cost reduction or efficiency gains, and/or improved front line service delivery. It also involves either geographic or virtual co-location, through maximising the use of ICT investment. Such arrangements may or may not also involve the participation of a private sector partner or third sector, to provide capacity, infrastructure, delivery expertise or ultimately to run the shared service on an outsourcing basis.
5. Preliminary discussions have taken place with a number of other councils including Braintree District Council, Chelmsford Borough Council and East Herts District Council to drive this agenda forward. The following factors need to be taken into account when deciding any future shared service delivery partner/s: -
 - Which organisations have similar approaches to shared service delivery;
 - Which organisations have similar strategic expectations from joint service delivery;
 - Which organisations have similar service priorities;
 - Which organisations have similar views on decision-making structures.
6. The Council has experience of working in partnership with other organisations and the following are examples of this: -
 - Payroll partnership with Bedford Borough Council;
 - Shared car parking management arrangements with Braintree District Council.
7. In addition, we are currently in discussion with other local authorities on a number of partnership working opportunities as follows: -
 - Shared heavy goods vehicle workshop with Braintree District Council;
 - Litter picking verges along the A120 with Braintree District Council. Braintree has invested in appropriate safety vehicle and signage but we have yet to do so. They could include our part of the A120 with theirs;
 - Shared waste collection with Braintree District Council. Possibility of re-location of the depot in Great Dunmow to Essex County Council's civic amenity site on the outskirts of the town;
 - Early stages of discussions with Braintree District Council regarding legal services partnership;

- Early stages of discussions with other organisations regarding a shared printing service.

Shared services outline business case

8. Although the council has experience of providing services jointly, or in collaboration with other local authorities, such arrangements have been fragmented and have not been the standard way of developing services. It is recognised that a step-change in the approach to shared services is required that will provide reassurance to the council and the community that the medium to long-term financial standing of the authority is sustainable.
9. An outline business case (OBC) has been produced for corporate support and transactional services. The OBC (see appendix 1) explains the difference between corporate and transactional service, sets out the strategic need for shared services along with the external and internal drivers for change. It should be noted that the document was produced at the end of July 2007 and the information relating to budgets and the medium term financial strategy is currently being updated.
10. The OBC indicates that the preferred delivery model is to share services with another local authority. This model can then be developed to incorporate more local authorities, other public/private sector organisations and the third sector. The aim would be to provide services to the partner organisations through a separate entity at a reduced cost. The OBC also explores the possibility for shared service units to eventually trade and generate income. This approach to shared services has been discussed at the strategic management board and with the chairs of committees.
11. There are already examples of joint working between local authorities and appendix 3 gives details of some of these.

Shared services project team

12. The shared services project team has been established and met for the first time on 11 October 2007. The membership of the team, which will meet every month, is as follows: -

- Mike Brean SMB sponsor
- Alaine Clarke Shared services lead officer
- Adrian Webb Responsibility for ICT, finance and organisational re-engineering
- Simon Martin Responsibility for council buildings and home/mobile working
- Richard Auty Responsibility for Uconnect and communications

- Jo Ware Human resources

13. The membership reflects the key areas of responsibility to drive the shared services initiative forward (please refer to the project initiation document at appendix 2).

Shared services project initiation document

14. The project initiation document (PID) details the scope of the project, summarises the shared services implementation plan, includes a detailed communications plan and highlights the risks involved in a comprehensive risk register.

15. A detailed project plan will be produced once a decision is made on potential partner organisations for shared services. This will enable timescales for all the aspects of the implementation to be integrated into the project. The following are considered key areas of the implementation: -

- The development and approval of the full business case;
- Human resource and workforce issues resulting from any shared service proposals;
- Planned systems convergence of any major ICT systems used by the partner organisations;
- Potential rationalisation of assets, including offices and depots.

16. The summary shared services implementation plan (see PID) sets out the three key stages of the project and elements within each stage. They are: -

- Stage one – platform development;
- Stage two – transformation;
- Stage three – optimisation.

17. Work is progressing well with the platform development stage of the implementation and some aspects of stage two. A brief update on the progress, and where appropriate an explanation, of each stage is provided below.

Stage one – platform development

Partner identification

18. Paragraph 5 above explained that discussions are currently taking place with a number of other organisations on shared services. It is recognised that it is vitally important that there is full commitment for future shared service delivery from the partner organisations before specific details are announced. Experience of other publicised joint working arrangements that have not materialised has highlighted the importance of this.

Full business case

19. A detailed business case including financial aspects will be developed once a decision on partner organisations has been made. The full business case will

cover issues such as: -

- Comprehensive options appraisal of all the shared service business models;
- Procurement and advertising requirements;
- Analysis of outcomes expected from the shared service;
- Treatment of employees affected by the shared service arrangement;
- Updating of existing programme and project management requirements, including timescales;
- Communication and consultation requirements;
- Management of change;
- Risks associated with the implementation;
- Cost contribution and benefits sharing from partner organisations;
- Exit strategy from the arrangement.

Assessment of services

20. This phase of stage one includes the gathering of budgetary and performance information on individual corporate and transactional services. This will enable assessments to be made on the readiness of services for sharing and partnership working and ultimately the potential for trading. It will also provide important information on whether current services are delivering value for money. Our overarching aim should be to achieve industry standards of service.

21. Some of the early work will involve the setting of comprehensive performance measures to enable effective benchmarking of corporate support services in areas such as human resources and information technology. In setting these measures, we will be mindful of the new performance measures recently announced by the Government and the impact of this on our current arrangements. We will refer to and use, where appropriate, performance measures recommended by the National Audit Office (NAO) for corporate services.

22. Performance and financial data on transactional services such as development control and revenues and benefits is already being collected.

Organisational re-engineering

23. The programme of re-engineering services is well underway with phase III due to start in development services on 5 November 2007.

24. One of the main objectives of the OR programme is to transfer routine, front line service enquiries to Uconnect to ensure full optimisation of the customer service centre. It also looks at back office processes and support service functions to ensure that they operate in a coordinated and efficient manner.

25. Full details of the work of the OR team can be found on the council's intranet.

Mobile and home working

26. Some home working has already been introduced, for example in revenues and benefits. In other areas, such as building surveying, new technology has enabled mobile staff to work away from the office more efficiently. However, there needs to be a coordinated approach across the whole authority to take full advantage of the benefits that more flexible working arrangements can deliver.

27. Implementation of home and mobile working is now being done in a phased manner and a small project team is taking this forward. There is plenty of evidence both internally and externally to support the case for doing this showing increased productivity of up to 20% and improved staff retention.

28. Another important advantage of introducing more flexible working arrangements is the release of office space so that consideration can be given to commercially letting space within this building. This is covered in the initial options for the council's offices and depots referred to in paragraph 32 below.

Uconnect

29. The transfer of routine enquiries to the customer service centre is enabling back office services to focus on specialist work. There is a requirement for a local face-to-face customer service for the community but there is potential for contact over the telephone to be provided remotely through a shared service arrangement.

Human resources

30. The impact of shared services on the workforce needs to be carefully considered. Any council initiative aimed at sharing services is likely to involve changes to staff roles and responsibilities. This element of stage one will ensure that there is sufficient support planned for the workforce to embrace change positively and give their best to provide value for money services.

31. A human resource strategy is currently being developed and this will reflect the needs of the workforce as the council prepares for the implementation of shared services.

Council buildings

32. An initial options document for future use of the council's offices and depots has been produced for discussion. There is a need to establish whether or not the council continues to directly provide certain services before a decision can be made on the future use of certain buildings. These matters will be progressed as a matter of urgency.

Information and communications technology

33. This part of the platform building involves gathering information on the different systems that other potential partner organisations use. Data collection on all authorities in East Anglia has already been carried out and this will help in deciding the systems convergence strategy for the shared service partner organisation/s.

Market research

34. The preferred delivery model is to share services with another local authority, provide services to the partner organisations at reduced cost and then trade with other organisations to generate income.

35. Market research and testing will need to be carried out to ascertain if there is sufficient demand for services to trade and generate income.

Stage two - transformation

Phased corporate and transactional joint working

36. This phase of stage two is concerned with the phased implementation of shared corporate and transactional services. The identification of the initial services for progression will be done in conjunction with the partner organisation/s and be informed by the assessment of services.

Front office optimisation

37. The benefits of streamlining processes and moving enquiries into Uconnect will begin to be realised through increased efficiency and enhanced customer service. The outcome should be a tradeable customer service centre providing industry standard performance at reduced operating cost taking pressure off the back office services.

38. Depending on readiness, there may be opportunities to integrate customer contact across the partner organisation/s.

Workforce development

39. The preparation of the workforce for the changes facing the organisation as a result of sharing services is crucial. This phase is about enabling the council to work in flexible ways to improve service delivery in a modern efficient organisation by striving towards an empowering learning culture, which is reflected in our values and human resource practices.

Asset rationalisation

40. Some aspects of our asset disposal cannot commence until the identification of the shared service partner/s. There are clearly opportunities for sharing offices

and/or depots.

Planned systems convergence

41. Again, this phase of the implementation plan cannot start until the identification of the shared service partner/s. As mentioned in paragraph 33 above, details of ICT systems used by neighbouring authorities have already been collected. The aim is to produce a roadmap of major systems and their planned convergence.

Sales and marketing strategy

42. This will be key to ensuring that the organisation can compete in the market effectively.

Stage three – optimisation

43. Stage three involves the potential to trade and generate income. The Government has granted councils new freedoms to trade and charge, allowing them in prescribed circumstances, to behave more like private companies. This means that councils now have the opportunity to compete with other public bodies and with private companies by selling services in competition with others.

Risk Analysis

44. The Uttlesford in 2011 transformation programme risk management team has produced a detailed risk register for shared services implementation. This forms part of the PID.

45. The risk management team will be meeting monthly to discuss progress.