

CABINET

Shared Services Programme 16th February 2010

Report of Corporate Director (Finance & Performance)

PURPOSE OF REPORT			
To report to Cabinet on progress made to date in developing a shared services programme for the Council and to seek agreement to proposals regarding the management for Revenues and Benefits.			
Key Decision	X	Non-Key Decision	Referral from Officers
Date Included in Forward Plan	February 2010		
This report is public.			

OFFICER RECOMMENDATIONS :

- 1 That Cabinet note the progress made to date in developing a Shared Services Programme for the Council.
- 2 That Cabinet approves the arrangements for the provision of management services from Preston City Council for Revenues and Benefits, as outlined in the report.
- 3 That officers continue developing partnership opportunities for achieving service improvements and efficiencies as set out in section 3 below with a view to reporting back to a future meeting of Cabinet as appropriate.

REPORT

- 1 Introduction
 - 1.1 At its meeting on 1st September 2009, Cabinet agreed the framework for developing a Shared Service Programme and authorised officers to continue to research opportunities across the full range of council services, noting that initial work would concentrate on a shared service for the Revenues and Benefits service.

1.2 Subsequently, progress on developing a programme has continued within the framework previously agreed and in tandem with the budget setting exercise. Progress to date has centred on two specific strands:-

- establishment of a shared Revenues & Benefits Service with Preston City Council
- options for other services with local authorities and other partners.

2.0 Revenues & Benefits Shared Service

2.1 A joint Project Board made up of officers from both Preston and Lancaster City Councils is now in place and has met on two occasions. Work has progressed on this project in line with the Cabinet's previous decision to develop a Shared Service on a phased approach.

2.2 The first phase of the project would see the establishment of a shared senior management arrangement which itself is divided into two parts. Phase 1a is to establish an arrangement for a shared Head of Service. Once this has been completed, Phase 1b will take place to recruit 2 senior managers: a shared Benefits Manager, and a shared Local Taxation Manager.

2.3 The Project Board has made good progress in moving forward with developing Phase 1a, and consideration has been given to the procurement arrangements. Cabinet will recall that at its January meeting, it was reported that both councils were in the process of managing the recruitment to the shared Head of Service within the conditions of their own HR policies. Pursuing this has now resulted in an application for VR/ER from this council's Head of Revenues and Benefits. This application is due to be considered at the next meeting of the Personnel Committee. Consideration of this application will be dependent upon Cabinet endorsing this report's recommendations.

2.4 Should Cabinet approve the proposals, the next step will necessitate the Council agreeing a process for buying back managements services from Preston, i.e. a proportion of the shared Service Head. The Project Board has considered this carefully and has agreed that the most effective framework would be to enter into a simple "Contract for Services" with Preston with a memorandum of intent to pursue further options in the future for sharing Revenue and Benefits services if there is a valid business case.

2.5 Following the completion of Phase 1a, the two further appointments referred to above in 2.2 would be completed on a similar basis as for the Head of Service, also using a "Contract for Services" agreement.

2.6 The Project Board has further considered the methodology for the buy back of management services under the agreement. Initially, it is proposed that the Council would buy back the equivalent of 2 days each week, although the actual arrangements will be flexibly applied by both councils to ensure effectiveness.

2.7 Following the conclusion of Phase 1, the Project Board has decided that the shared arrangements would need time to establish an effective way of operating. Consequently, they have decided that for the next financial year, ie up to 31st March 2011, there will be a time of transition that will allow the new management appointments to settle in, provide both councils with an opportunity to review the

effectiveness of each of their existing revenue and benefits structures, and also allow officers time to develop a business case for any further sharing of revenue and benefits services.

- 2.8 Following the period of transition, it is likely that there will be opportunities to progress the development of a shared service by bringing the two services together but only if supported by a proven business case. Review of the options for this progression will be researched during the transition period and reported back to Cabinet as and when appropriate. Evidence from other councils where this has been implemented show that there are significant improvements and efficiencies to be made from moving to a full shared service, although clearly there are risks involved.
- 2.9 It is important to note that at this stage, this report is only seeking Cabinet to endorse the Phase 1 arrangements as outlined above.

3.0 Options for other shared services/joint working with local authorities and other partners

- 3.1 Since the September Cabinet meeting, officers have been meeting informally with a range of organisations to develop opportunities for shared services or improved joint working, in addition to the work being progressed with Preston City Council as outlined above.

Lancashire County Council

- 3.2 Good progress has been made with the County Council in identifying opportunities for improved two tier working within the Lancaster District. A draft programme has been agreed (see attached **Appendix A**) that is to be used for further discussions with a view to developing service improvements and/or service efficiencies on a phased approach over the medium term.
- 3.3 More recently, this schedule of options was discussed at Chief Executive level and subsequently prompted the circulation of an internal working paper from the County Council to their local Lancaster district members which was shared with City Council Cabinet members.
- 3.4 The next stage will be to set up officer teams to scope the projects and develop proposals for members' consideration.

University Hospitals of Morecambe Bay NHS Trust

- 3.5 In addition to the work being progressed with the County Council, a report on this agenda seeks member approval to continue discussions with the University Hospitals of Morecambe Bay NHS Trust to develop options for an interceptor car park for South Lancaster. Consideration of this proposal will assist the Council determine how it wishes to proceed with any redevelopment for the Auction Mart Car Park on Thurnham Street.

Lancaster District Local Strategic Partnership (LDLSP)

- 3.6 The Council are also progressing joint working with partners within the LDLSP on 3 strands of work. These are :-

Developing a Lancaster district wide Arts Strategy
Reviewing opportunities for improved Asset Management arrangements

Promotion of joint marketing and PR opportunities.

- 3.7 Three project groups have now been established within the LDLSP to develop how each of the above can be progressed to help meet the priorities included in the Sustainable Community Strategy.

Other Initiatives

- 3.8 In addition to the shared Revenues and Benefits arrangements, the council is also working closely with Preston City Council on progressing ICT options for efficiencies. In particular, good progress has been made in developing shared disaster recovery arrangements to strengthen business continuity planning, and a joint approach to council tax billing is being considered.
- 3.9 The Council continues to play a key role in the Team Lancashire Procurement Hub. Opportunities for improved procurement of goods and services are considered on their merits and where appropriate the council will participate. An example of this is that the council will participate in a Team Lancashire E Auction for ICT equipment in March this year.
- 3.10 Cabinet are asked to note the progress being made in developing a shared service / joint working programme as outlined above.

4.0 Options and Options Analysis (including risk analysis)

In respect of the proposed shared Revenues and Benefits arrangements

4.1 Option 1

To endorse the framework agreed by the joint officer Project Board to develop shared services arrangements as set out in the report. Whilst there are risks attached that could impact on the performance of the service, it is felt that these can be managed and the proposal overall represents a way of achieving greater value for money in this service area.

4.2 Option 2

Not to endorse the framework. This would lose a potential opportunity and other options would need to be explored.

4.3 Option 3

To recommend to the Project Board an alternative framework. Again, any alternatives would need further consideration.

4.4 Preferred Option

The preferred option is option 1. This would provide a mutually acceptable framework for progressing and implementing the shared Revenues and Benefits service project. This would deliver efficiencies and savings for both council's to the extent already provided in the draft revenue budget and offer opportunities for further savings and improvement

In respect of Options for other shared services/joint working with local authorities and other partners

4.5 Option 1

Option 1 is to note the progress being made as outlined in section 3 above and request officers to continue to develop shared service /joint working opportunities

4.6 Option 2

Option 2 is note progress made to date but request officers to continue developing an amended or revised schedule of opportunities

4.7 Preferred Option

The preferred option is option 1. This would allow officers to continue developing efficiency opportunities within the service activities already identified with a view to bringing forward further options for meeting the council's medium term financial strategy's targets

5.0 Conclusion

- 5.1 Much work has been undertaken in identifying and developing opportunities that would see the Lancaster District benefit from shared services/joint working with partner organisations. Concluding the programme of opportunities so far identified is likely to offer realistic choices for the Cabinet to achieve further significant improvements and efficiencies to help the council meet the challenges and financial targets that it will face in the immediate future and beyond.

RELATIONSHIP TO POLICY FRAMEWORK

The efficiencies delivered from developing a shared service programme will greatly assist in achieving the outcomes of the council's savings and efficiency programme and targets included in the Medium Term Financial Strategy.

It will also support the council's Corporate Plan priorities for working closely with other partner organisations to deliver improved benefits for the Lancaster District community.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

The use of business cases to develop options will ensure that benefits identified for introducing shared services will be sustainable and achievable.

FINANCIAL IMPLICATIONS

Revenues & Benefits Arrangements with Preston City Council

Whilst the arrangements for buying in management services would be phased (i.e. 1a and 1b), the financial implications need to be considered as a package. There would be one-off costs involved, which are expected to be in the region of £222K, which would be met from the Restructuring Reserve. The proposals would result in estimated savings of approximately £65K in 2010/11, £91K in 2011/12, and £91K in 2012/13. Overall therefore, in simple terms the payback period is expected to be around 2 years 9 months (which is within current policy) but the detail of any termination of employment issues would be considered by Personnel Committee. Savings would continue for future years. Moreover, it is expected that other efficiency savings would be achieved under the new management arrangements.

Regarding any future shared service proposals, the financial implications would be assessed in developing any proposals for consideration by Cabinet, in future reports.

Other shared services/joint working with local authorities and other partners

At this stage, it is not possible to identify any costs or the potential savings from any of the initiatives set out in section 3 of the report. Further reports will be brought back to Cabinet as and when appropriate to consider any financial implications from developing proposals.

Regarding procurement matters generally for any future shared service developments, the European Commission will look at agreements between two or more parties to ensure that a shared service has been adopted. In order for an arrangement to be considered as a 'Shared Service' there has to have been consideration given by both parties. In the opinion of The European Commission it is not regarded as a shared service where one party pays the other to provide a service; this would be regarded as a procurement and as such would be required to be tendered. (An exception to tendering regarding Revenues and Benefits management has been considered and would be approved by the Corporate Director, assuming Cabinet agree to the proposals in this report). The council needs to be aware of these implications though when discussing with other parties the opportunity for Shared Services.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

Legal Services are represented on the joint Shared Service Project Board for Revenues and Benefits. They are assisting in the development of the "Contract for Services" and providing advice as appropriate.

As other projects develop, the appropriate legal advice will be provided.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

None.

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