



## ICLRD: The Shared Services Agenda: Cooperating Across Boundaries

*'joining up to deliver better services and cut costs: Different models of shared services: Experiences from English councils'*

Siobhan Coughlan  
Programme Manager, Productivity.

7<sup>th</sup> February 2013

[www.local.gov.uk](http://www.local.gov.uk)

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## Local Government Association

The Local Government Association (LGA) is an organisation that is run by its members.

We are a political organisation because it is our elected representatives from all the different political parties that direct the organisation through our boards and panels. However, we always strive to agree a common cross-party position on issues and to speak with one voice on behalf of local government.

We aim to set the political agenda and speak in the national media on the issues that matter to council members.

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## Supporting councils

The LGA covers every part of England and Wales, and includes county and district councils, metropolitan and unitary councils, London boroughs, Welsh unitary councils, fire, police, national park and passenger transport authorities

The Local Government Association (LGA) is here to support, promote and improve local government. Our offer to councils is driven by what they have told us are their priorities. It is designed to help councils thrive and adapt to the changes underway in public services, and to improve the quality of life for local residents.

- Our offer is designed around our two top priorities:
- achieving greater devolution for local government
  - helping councils tackle their challenges

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**The context**

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**The funding challenge**

- Current spending review period – real reductions of 28% in council funding (plus drop in income generation)
- Increasing pressures on finances from increasing demands on statutory services, e.g. adult social care, children's services, environmental services; etc.
- Provisional Local Government settlement 2013 - 14, and 2014-15, further reductions estimated as now exceeding 33%

Therefore a need to look at a range of ways to reduce costs including different models of shared services.....

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**Different models of shared services**

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### Different models of shared services:

- **Back office:** - HR, IT, Finance, Legal services, etc.,
- **Frontline models:** – joint contact centre, OSS, websites, multi agency teams, mobile and home visit services
- **Shared Management teams:** – joint Chief Executive / Senior management teams – Suffolk Coastal & Waveney, Herefordshire CC & PCT; and Cambridgeshire and Northamptonshire CCs, Herefordshire CC & PCT
- **Customer group models:** - Children’s Trusts, BEGOP teams
- **Service based models** – Tell Us Once
- **Out sourced / JVC models:** – Anglia Revenue and Benefits partnership, IT/ICT services partnerships – Westminster City Council and Vertex, etc.,

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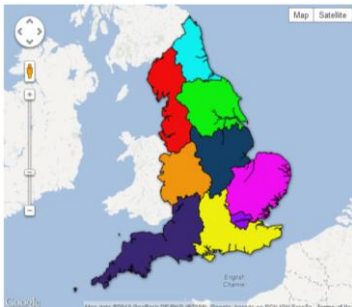
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### LGA Shared Services Map – January 2013



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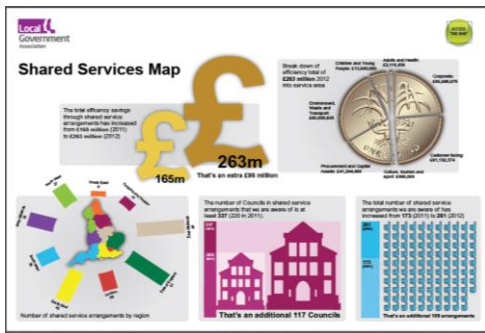
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### Lincolnshire – legal shared services

Background:

- Part of the larger Lincolnshire Shared Services Programme underpinning the Lincolnshire Pathfinder bid
- Genuinely innovative & ground breaking partnership between LCC and 5 district/borough councils
- Launched on 1<sup>st</sup> April 2008

Objectives:

- Share resources effectively (staff, library, etc.)
- Deliver process efficiencies
- Improve recruitment and retention
- Improve quality & resilience of service

Delivered £1.25m savings

### SWiTch Human Resource and Payroll

- Manchester councils - Stockport MBC, Trafford MBC, Wigan MBC
- SWiTch is a joint purchase and implementation of a Human Resources (HR) and Payroll system.
- The joint purchasing of the system delivered significant cost avoidance for each Council and is the largest 'collaboration' of its kind and managing information & payroll for 34,000 employees.

Savings to date: £2,500,000

### Front Office Shared Services



## LB Greenwich

- Working with a range of local partners, an innovative mix of leisure, cultural and front and back office facilities.
- Part of wider Modernisation Programme (in 2005) to deliver £800 million programme of investment across a range of areas.
- A number of projects including: the development of an integrated front office approach to service delivery, supported by major investment in the council's ICT infrastructure.
- The three major service centres all include the same primary functions but are configured differently to reflect the different priorities in different parts of the borough.
- The Woolwich Centre annual financial benefits of over £1.2 million, including savings of £495,000 on maintenance and £442,000 on the running costs of previous facilities, with an additional income of £275k.

## Joint Management arrangements

- Formal arrangement between 2 or more councils (or other public bodies) – shared Chief Executive & team of officers
- Each council retains it's own legal and political sovereignty
- Designated officers responsible for specific jobs / roles
- Can be for a particular service area only or across entire top team
- Examples include:
  - Adur DC & Worthing DC
  - High Peaks DC & Staffordshire Moorlands DC
  - Blackburn with Darwen and PCT
  - Tri-borough arrangements

## Tri-borough arrangements

- LB Hammersmith & Fulham, the Royal Borough of Kensington and Chelsea, Westminster City Council combining services and management costs target savings of save £40million pa by 2015/16
- By June 2012
  - 62 senior and middle management posts gone in Children's Services, Adult Social and Libraries, equivalent to a 45% reduction in senior management
  - Combined Environmental Services RBKC and H&F has resulted in seven management posts being lost.
  - The two authorities now share a chief executive.

**Delivered £7.7million of savings**

Anglia Revenue Benefits Partnership

- Partnership of 3 councils, Breckland Council, East Cambridgeshire District Council & Forest Heath District Council created in 2003
Average time to process new claims consistently around 14 days for 3 years ending 2007/08.
Collection of council tax for all 3 councils is over 98%.
NNDR collection rates are over 99%
other improvements include earlier court dates introduced, earlier reminders issued, increased number of Direct Debits, cleared out old debts.

Delivered savings in excess of £1,000,000 p.a.

Customer group shared services

- East London Solutions: LB Barking & Dagenham, LB Havering, LB Newham, LB Redbridge, LB Tower Hamlets, LB Waltham Forest
Adult Social Care services - to reduce the cost of purchasing, improve service quality, encourage effective local services and manage the market: Projected savings to 2015/16 = £4.8m
Children and Young Peoples services - fostering & adoption, schools services, inclusive support, early intervention and families, EDT, transitions and joint procurements & appointments: Projected savings to 2015/16 = £7m

Lessons from shared services

## Crossing the border:

- LGA research into shared Chief Executives April 2012
- Interviewed over 25 council Leaders & Chief Executives
- No 'one model' for all councils
- Ensure there is a rationale for sharing a chief executive
- Mutual trust between leaders and chief executive – crucial
- Maintaining the perception of equity – a 50/50 split (if one council needs more attention, this needs to be recognised)
- Take time to get key stakeholders aligned – invest in relationships
- Once principles agreed – get on with it!

## Shared Chief Executives

*"If the circumstances are right, shared management structures can have some real benefits. If done well, they can provide important cover for areas in danger of significant cuts, offer officers a real boost to their CVs, and drive much needed savings. Authorities must find the model that suits them, not simply pull any identikit structure 'off the shelf.' Personalities both at the senior officer and political level must align, and there must be an open debate as to the costs and benefits of any scheme. With the future challenges facing the sector, shared management can offer a pragmatic way of making savings whilst helping to protect the frontline."*

**Councillor Chris Millar**, Leader, Daventry District Council

## Services Shared: Costs Spared?

- LGA Research launched summer 2012
- Report looked to quantify savings/benefits, including set-up costs and service improvements of 5 shared service arrangements.
- Detailed analysis of 5 shared services arrangements which saved £30 million in total

Link to report - [http://www.local.gov.uk/web/guest/productivity/-/journal\\_content/56/10171/3675051/ARTICLE-TEMPLATE](http://www.local.gov.uk/web/guest/productivity/-/journal_content/56/10171/3675051/ARTICLE-TEMPLATE)

## Headline findings

- Clear financial benefits - mainly through reducing staff, (removing duplication & management posts) and through consolidating organisation structures ( IT / Property / Procurement)
- Required - strong top-down leadership
- Set up cost for integration modest – payback period less than 2 years
- Service impact hard to measure – as little/no financial or performance base-lines
- As shared service mature – evolve & benefit from wider business transformation.

## One Example of savings - LGSS

	2011/12	2012/13	2013/14	2014/15	2015/16
Starting Budget	£83m (£12m)				
Staff - Initial Staff - Further	£1.06.	£2.02m	£2.21m £0.98m	£2.21m £1.03m	£2.21m £1.11m
Technology	£1.38m	£1.78m	£2.03m	£2.03m	£2.03m
Procurement	£1.24m	£1.44m	£1.54m	£1.54m	£1.54m
Property	£0m	£0.94m	£2.15m	£3.00m	£3.72m
ICT	£0m	£2.96m	£3.08m	£3.08m	£3.08m
Further sharing & income	£0.11m	£0.32m	£0.98m	£3.89m	£5.10m
<b>Annual Ongoing Savings</b>	<b>£3.79m (4.6%)</b>	<b>£9.47m (11.4%)</b>	<b>£12.98m (15.6%)</b>	<b>£16.79m (20.2%)</b>	<b>£18.8m (22.7%)</b>
One-off Costs		£3.32m (2 years)			£4.66m

## Learning from collaboration

Shared services programmes that have worked well together demonstrate:

- 'Coalition of the willing' around a shared priority
- More than just a 'technical' challenge
- Not a 'one size fits all' approach
- Engaging and involving different partners (i.e. 'Localism')
- Drew on the innovation & enthusiasm of the sector



## Key challenges

- **Understanding shared customers** to reorganise and redesign services – using **Customer Insight**
- **Joining up related services**, provided by different organisations, around different customer groups
- **Leveraging assets** through sharing frontline and back offices
- **Managing and sharing data** across different services & partners to make it easier for the customer to carry out their transaction
- Joining up **different legacy IT and telephony systems**
- **Engaging staff & partners** at all levels to draw on their knowledge and expertise of how best to redesign services
- Transcending **different organisational cultures** to work effectively together

## Key factors for success

- A **clear agreed vision** for what this shared service will deliver
- **Strong leadership** from both a senior officer and senior elected member
- A **robust business case** outlining costs and benefits
- **Robust governance** arrangements to drive and monitor progress
- On going **consultation and engagement with service users**
- Engagement and **involvement of frontline staff and elected members**
- Engagement and **involvement of appropriate partner and community organisations**
- **Alignment and investment in essential IT** to support the delivery
- **Robust programme and project management** arrangements
- Development and **training to support staff** work under the in new arrangements

## In summary

Shared services:

- Range of different models to explore / implement
- Can have different models running in parallel to manage different services / with different partners
- Not an end in itself – rather a means to delivering better and more efficient services
- Needs to be part of wider programme of public sector transformation

## Reports and guidance documents

- LGA websites, at - [www.local.gov.uk](http://www.local.gov.uk)
  - Shared services and management: a guide for councils:  
[http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=a4d595ab-0fe1-428c-87f7-49ff4754c308&groupId=10171](http://www.local.gov.uk/c/document_library/get_file?uuid=a4d595ab-0fe1-428c-87f7-49ff4754c308&groupId=10171)
  - FOSS main report and case studies:  
<http://www.idea.gov.uk/idk/core/page.do?pageId=6440077>
  - Developing the Businesses Case:  
<http://www.idea.gov.uk/idk/aio/10033634>
  - Developing the Financial Case:  
<http://www.idea.gov.uk/idk/core/page.do?pageId=6440077>
  - Shared services: costs spared? :  
[http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=105edabf-9072-49f5-94d9-f6065cf69842&groupId=10171](http://www.local.gov.uk/c/document_library/get_file?uuid=105edabf-9072-49f5-94d9-f6065cf69842&groupId=10171)
  - Crossing the border: research into shared chief executives:  
[http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=c1df91b3-b60c-4f34-a3d9-00ada9fc6e91&groupId=10171](http://www.local.gov.uk/c/document_library/get_file?uuid=c1df91b3-b60c-4f34-a3d9-00ada9fc6e91&groupId=10171)
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