

INTRODUCTION



Mr Jack Keyes

This fifth edition of *Borderlands: The Journal of Spatial Planning in Ireland*, continues the International Centre for Local and Regional Development (ICLRD) tradition of linking policy, practice and research. The following articles by academics and practitioners – and influencers of policy – discuss the issue of the shared services agenda and the progress being made in the delivery of services through a Shared Services Model. The articles also acknowledge, importantly, that not all services can be delivered more efficiently and effectively in this way. Rather, they stress the importance of rigorous analysis on a case by case basis, and suggest that innovative local governance models may be the optimum solution in some cases.

The Sharing of Services

As noted by the 2013 ICLRD report on shared services¹, the reform of public services is high on the political agenda in every EU country and reflects the constant challenge for local and national governments in meeting local service needs at a time of severe financial restraints and declining public resources. Indeed, Local Government Systems across the world have a long history of cooperation in, and delivery of, shared services in a range of activities; with many of the coordinating mechanisms and systems being designed by the Central Government for uniform implementation by Local Authorities². There are many examples of joint initiatives in the shared services space, including cross-border joint initiatives, joint service provision agreements (e.g. fire service cover across boundaries) and regionally structured actions.

The Reform Process 2008-2014

The economic downturn between 2008 and 2014 created a wholly different environment for all public bodies on the island of Ireland. Increased efficiencies and demonstrating value for money became the order of the day. The impact of the global recession in the Republic of Ireland (heretofore referred to as 'Ireland') was particularly severe. Significant cutbacks were initiated by central government on the public sector; cuts that were to prove to be the most severe in history. Capital expenditure was reduced by up to 80% across the public service. Local government suffered a 22% cut to its day-to-day spending between 2008 and 2015 (in comparison, health and education, which are both delivered outside of local government, experienced cuts of less than 10%). Targets were set by Central Government and implemented locally, resulting in a 27% reduction in staff numbers (representing a fall from 37,801 to 28,882 personnel) in the same period. More than 80% of savings were a result of staff reductions but other reforms including the introduction of an expanded range of shared services also delivered significant cost and efficiency savings. As noted by Tomkinson (2007³), while local Councils have shared activities over a long period, "the potential that sharing gives to restrain expenditure and improve service delivery has become more and more important".

An Efficiency Review Group oversaw progress on 106 recommendations it made in 2010 (63% were delivered). A target of €511 million savings was set for local government – €770 million was delivered. The number of local authorities was reduced from 114 to 31 as 80 town councils were abolished and councillor numbers reduced from over 1,600 to 949. Commissions were established to examine future mergers/boundary changes in a further 9 locations. A project management office (PMO) was established by local government in 2012 to coordinate the implementation of reforms in each local authority and specifically to systematically plan, assess and oversee

implementation of the shared services agenda. Irish Water was established to deliver water services in a unified fashion - replacing the individual local authorities as the water authority. Progress is now reported on to the National Oversight and Audit Committee (NOAC).

The Role of the Project Management Office (PMO) in Managing Shared Services

The PMO was established in 2012 by the County and City Management Association (CCMA) to assess and implement a suite of projects aimed at enhancing the efficient and effective delivery of local government services including a shared services programme. Within Ireland, where the emphasis has primarily been on shared services in back-office functions, the concept of shared services is defined as "single centralised units providing specialised administrative and back office support services to a number of organisations, which are often geographically dispersed, leading to (a) greater efficiency, (b) increased quality of service, and (c) a more service focused ethos" (Department of Finance, 2012^{iv}).

Since its establishment, the PMO has managed a portfolio of 40 projects of which 19 are classified as Shared Services. These are collectively known as the CCMA Shared Service Programme (CCMA SSP). Of the 19 shared service projects, 13 are operational or in transition, the remaining 6, for reasons identified in the report, are not currently operational.

Oversight of the delivery of the CCMA Shared Service programme is provided by the Public-Sector Reform Oversight Group (PSROG). This Group is made up of senior representatives of the CCMA, the Local Government Management Agency (LGMA), the Department of Environment, Community and Local Government (DoECLG), and the private sector. The PSROG provides guidance, makes decisions or refers initiatives to relevant organisations, including the committees of the CCMA and LGMA, for action. The PMO and the PSROG have now been integrated into the LGMA which provides institutional and administrative support.

The PMO methodology was designed to ensure a structured and robust approach to the assessment and

delivery of a shared service. The methodology involves the following steps:

- Preparation of a **Project Initiation Document** setting out the case for the shared service proposed;
- If there is sufficient evidence in favour of a shared service a **Business Case** is prepared;
- The Business Case is **Peer Reviewed** and completed;
- Where appropriate, there is a competitive process among Local Authorities to appoint a **Lead Authority** or consortium of authorities to deliver the shared service.

This latter process has proven to be a fair and objective way of deciding who should lead the shared service and several of the smaller local authorities now lead a service for the whole system (e.g. Donegal, Laois, Offaly).

Within the CCMA Shared Service Programme, five different types of shared services have evolved:

- *Transactional Shared Services.* These are shared services that focus on streamlining repetitive back office transactions based on the development of common processes and infrastructure. An example is "MyPay". This is a sectoral priority project and flagship of Local Government shared services. Laois County Council was selected as the lead authority to build and deliver a Shared Service Centre (SSC) for all local government payroll and superannuation. Other examples are the Road Management Office and Procurement Centres.
- *Collaborative Initiatives.* Two initiatives have been implemented as purely collaborative projects demonstrating the sector's capacity to share approaches and benefit from best practice in a chosen subject: Internal Audit and Debt Management.
- *ICT Enablers.* Common ICT systems are developed to enable Local Authorities to optimise and standardise the deployment and support of best practice technology enablers. An example is the Local Government Portal built by the LGMA (localgov.ie) to host a range of Local Government services from one site. Other areas of progress



include the Library Management System, FixMyStreet.ie and Building Control.

- *Policy Implementation through a Shared Service Model.* The policy environment in which Local Government operates is not static. A range of new initiatives has been assessed using the rigors of the PMO methodology to ensure effective delivery of government policy. The *Water Framework Directive* (WFD) involves regional and local implementation of the WFD, particularly to ensure public engagement on water catchment management. This national shared service will be delivered by Tipperary County Council in partnership with Kilkenny County Council. Other examples include Waste Enforcement and the Housing Assistance Payment (HAP).
- *Changing Direction.* These include Treasury Management, Legal, Veterinary & Laboratory Services, Motor Tax and Accounts Payable. For reasons associated with government policy, sectoral developments or legislation these did not proceed as per the proposal set out in their respective original business cases.

Applicability of the Above Model

It will be noted that the projects listed above have been “back-office” or arguably be amenable to a central approach. There is a significant body of research available internationally pointing to the unsuitability of sharing labour intensive services. In addition, services that are important to the morale and identity of communities (and thus generate savings through quality of life benefits) may be best delivered as close to the people as is possible. Local government is predicated on delegation of decision-making to the local democratic structures – it could be argued that the removal of local autonomy could undermine democracy by rendering local governments less meaningful to the citizenry. The development of local governance models which link organisations horizontally through cooperation eschewing government entities may point the way forward for local areas.

Conclusion

As noted by the ICLRD (2013), it is argued that cooperation through a shared services agenda can

“be a practical and cost-effective way for councils to share experiences and resources, tackle common tasks or take advantage of economies of scale” (Financial Sustainability Review Board, 2005: 85). Across Ireland, reforms have been delivered by the local government sector either by using a pure shared service model, or through business process improvements and collaborative models. Thirteen of the 19 shared services proposed have been implemented and significant savings achieved (for further details the reader is referred to the March 2016 report from the LGMA on Shared Services - see http://www.lgma.ie/sites/default/files/report_on_delivery_of_shared_services_march_2016.pdf). This initiative also provides the sector with an opportunity to continue to assess alternative methods of delivery of a range of services or new policy initiatives in future years – with the caveat that there are many services that may not be suitable to a shared service approach including for reasons other than is evidenced by limited cost-benefit analysis. A further benefit to the programme – often ‘under-recognised’ – is its contribution to multi-stakeholder governance. Models of shared services can be an innovative mechanism to include government and non-government interests in developing local collaborative solutions to particular issues.

Following a career of successful leadership and management in the public and private sectors, including 10 years as Cavan County Manager, Jack Keyes now works as a senior advisor.

With continued involvement in a diverse range of areas including organisational development, lecturing, mentoring and project management, Jack retains a strong passion for public service. He has been appointed by Government to chair the boundary review committees for Athlone and Drogheda. He is currently Chairman of a range of groups including: the National Water Services Committee and National Expert Committee (Group Water Scheme Sector), Cavan Institute, the National Network of Age-friendly Alliances and Cavan Health, Sport and Leisure Co Ltd. Jack holds a number of board positions – including the ICLRD Executive Board and The National



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Library. Jack holds qualifications in Leadership, Strategic Management, Public Management, Accountancy, Personnel Management and Civil Engineering and is a Fellow of Engineers Ireland. He is an associate lecturer in Leadership, Management and Innovation in the Institute of Public Administration (IPA). Jack can be contacted at jackkeyes60@hotmail.co.uk

Endnotes

- i Creamer, C. & Driscoll, J. (2013). *Working Together for the Common Good: Local Government as Drivers of Shared Services*, Armagh: International Centre for Local and Regional Development (ICLRD).
- ii As part of the CroSPlaN II Programme, funded under INTERREG IVA, the ICLRD has developed a portal on the shared services agenda which includes a database of local authority-led shared services case studies. See <http://iclr.org/sharedservices/> for further details.
- iii Tomkinson, R. (2007). *Shared Services in Local Government: Improving Service Delivery*, Aldershot: Gower Publishing Ltd.
- iv Department of Finance (2012). *Shared Services in the Public Sector*, Powerpoint presentation by Mr. Gearoid O'Keeffe, Public Service Modernisation Unit, Department of Finance. Accessible at: http://per.gov.ie/wp-content/uploads/8_Mar_-_Shared_Services_in_the_Public_Sector_Gearoid_OKeeffe_Dept_of_Finance.ppt