

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 7
9 JANUARY 2019	PUBLIC REPORT

Report of:	Acting Corporate Director for Resources	
Cabinet Member(s) responsible:	Cllr John Holdich OBE- Leader of the Council Peter Carpenter - Cabinet Member for Resources	
Contact Officer(s):	Peter Carpenter - Acting Corporate Director for Resources	01733 452520

Shared Services Update

R E C O M M E N D A T I O N S	
FROM: Acting Corporate Director for Resources	Deadline date: n/a
<p>It is recommended that Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> Note the progress on Shared Services across both Peterborough City Council and Cambridgeshire County Council. 	

1. ORIGIN OF REPORT

1.1 The Growth, Environment and Resources Scrutiny Committee requested as part of its Work Programme an update on progress on Shared Services. This report complies with that requirement.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is being presented to update the Growth, Environment and Resources Scrutiny Committee on progress on Shared Services .

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

10. Partnerships and Shared Services

2.4 Shared services links into Council service delivery and Medium Term Financial Strategy (MTFS) objectives in undertaking work with Cambridgeshire County Council.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 Peterborough City Council has been working on an ambitious programme of transformation for several years, with a determination to improve lives for local people despite an increasingly

challenging financial context. Building a whole system approach which puts community outcomes firmly at the centre of all that it does and which is built around shared priorities, outcomes and cost efficiencies is a crucial part of the programme. This work requires a greater degree of collaboration between local public services, their partners and providers, and with the public, than has been ever previously been experienced in Local Government.

As part of this new model of Local Government, Peterborough City Council (PCC) and Cambridgeshire County Council (CCC) have come together to explore the merits of shared and integrated services, looking at how both organisations might further develop their close working relationship to reduce cost to serve, avoid duplication and ensure that outcomes for people are put at the heart of service delivery.

This approach is not new. Over the last few years both Councils have taken advantage of opportunities for shared services as they arose. In 2015, Dr Liz Robin, was appointed as joint Director of Public Health in PCC and CCC under a shared services arrangement. In June 2016, Gillian Beasley was appointed as Chief Executive of both Councils after a trial period which demonstrated the benefits of the shared role. Later that year, following the resignation of the CCC Executive Director for Children, Families and Adults (now the People and Communities (P&C) Directorate), Members in both Councils agreed a programme of integration for senior roles and all Directors in P&C are now in shared roles.

Following the success of these opportunistic arrangements and the benefits they delivered to both Councils, in November 2017 Peterborough City Council asked the Chief Executive to explore delivery of further shared services and asked Members in CCC to support a joint programme of work. This was agreed and Members in both Councils acknowledged that opportunities could take a number of forms but principally the aim is to save money, make efficiencies and manage demand on Council services.

In January 2018, following a high level review of opportunity areas, members in PCC and CCC approved a programme of work to identify and maximise opportunities in the following areas:

- Sharing back office functions
- Reducing leadership costs
- Maximising purchasing power
- Reducing duplication of systems and processes
- Reducing estate costs
- Building resilience through shared teams, shared systems and processes

4.2 The Shared Services Cabinet Report of the 24th September 2018 sets out how joint work will be undertaken. This will be via a Joint Working Agreement (JWA). A key part of this JWA are the aims, benefits, principles and intended outcomes of entering into the Agreement and these are set out in Section 4.3.

In addition to this there are the following items that set out rules within which both Councils work:

- The S113 Agreement (Agreements that allow sharing)
- The Human Resources Protocol
- The Financial Protocol
- The Information Sharing Protocol
- The Technology Sharing Protocol
- Governance Arrangements
- The Sovereignty Guarantee

4.3 **Aims, Benefits, and Intended Outcomes And Principles**

The Objective

Lead Members and officers in Peterborough City Council and Cambridgeshire County Council have committed to exploring the merits of shared and integrated services. Opportunities could

take a number of forms but principally the aim is to save money, increase resilience and manage the increasing demand on Council services

The current proposed scope of the programme is to identify and maximise opportunities in the following areas:

- sharing corporate and transactional functions
- reducing leadership costs through further opportunities for shared roles
- combining the expertise of both councils and other partners to bring wider solutions to the same demand and resource challenges
- maximising purchasing power
- joint commissioning of services to increase purchasing leverage and achieve best value
- maximising return from assets and commercial activity; and
- building resilience, increasing efficiency and reducing duplication through shared teams, shared systems and processes

KEY ELEMENTS

Context

Over the last two years, Peterborough and Cambridgeshire Councils have been working closely and already have several shared senior roles – including the Chief Executive – and an increasing number of shared or fully integrated functions and services. The relationship has been fruitful and positive, delivering savings for both councils and improving outcomes for citizens in both places.

Each council has been successful to date in meeting budget challenges without significant service reductions however, the predicted increase in complexity and demand over the next three years means that the situation is becoming financially unsustainable for both councils. Savings have already been achieved through joining senior roles across PCC and CCC and believe there are further prospects for savings across both Councils.

Design principles

As part of the scoping and feasibility work, a cross council workshop of Directors and key officers agreed the design principles for the initial stages of the programme. The group agreed that all areas of both Councils should be considered in scope and that the following principles should be applied when considering all options:

- be outcomes focused
- not organisation focused;
- put people at the heart of a system that makes sense to them;
- maximise opportunities for generating income and reducing cost to serve;
- be ambitious, bold and innovative;
- manage demand to meet future needs;
- preserve and maintain local representation, championing equality and diversity in our communities;
- use evidence and best practice to inform our decisions; and
- do what has the best chance of success.

Seeking out best practice, external perspectives and cross sector learning will be essential to developing new service models. A number of public, private and voluntary sector organisations are joining roles, sharing services and maximising the financial benefits of joint commissioning; providing an increasing knowledge base on the advantages and opportunities from shared and integrated services which the programme will draw on to inform options appraisal.

Business Model

Both councils are committed to a business model which is focused on the best outcomes for citizens across Cambridgeshire and Peterborough, securing investment where it is needed and exploring a wide range of options.

Business cases for any proposed change will be developed, taking into consideration:

- strategic fit
- impact on outcomes
- financial and non-financial benefits
- operational and financial baseline and efficiency
- needs and demand
- local identity, diversity and demography
- economies of scale
- potential for quality improvement
- workforce requirements
- deliverability and transition plans including governance and cost

Benefits

Through transforming the way the Councils works in partnership and by making improvements to how we manage our business, our people and our money we can release benefits which reduce the need to make savings which negatively impact against outcomes:

- financial efficiencies, freeing up resource and increasing productivity to reinvest in delivery of services;
- commercial returns on our assets and investment to fund our core services and support for communities;
- career development and learning experiences for our officers, supporting talent management, recruitment and retention
- better use of existing expertise, providing access to a wider resource and increased resilience and a reduction in cost to serve across multiple functions and services;
- increased partnership work, making it easier, faster and more cost effective to work with us leading to better outcomes for our residents;
- reduced hand-offs between teams and across geographical areas, increasing efficiency and productivity and;
- getting more from our systems leadership role by aligning our footprint with other governance structures in the public sector system (i.e. CCG, Combined Authority)

Delivery of these strategic benefits will be reliant on political leadership, good governance and effective management arrangements as well as the compatibility of Peterborough and Cambridgeshire Councils in relation to their scope of services and strategic direction.

The financial benefits from the Shared and Integrated Programme will be detailed and monitored through the business plans of both Councils. Non-financial benefits will be reported on twice a year through the appropriate member governance in both Councils.

Workforce

In order to achieve these benefits, the following workforce characteristics will be needed:

- strong systems leadership skills and behaviours;
- a multi-skilled, flexible and motivated workforce;
- collaboration in everything we do;
- positive political influence;
- strong technical knowledge and expertise in corporate and service functions;
- in-depth understanding of working in partnership with the community;
- personal empowerment and accountability coupled with strong leadership and governance.

A significant benefit of the Shared and Integrated Services Programme is the opportunity to enhance strategic capacity, which includes:

Benefit	Benefit Description
<p>Scope to undertake new functions and major projects to enhance collaboration across public services in Cambridgeshire and Peterborough</p>	<p>The two councils have already taken steps to enhance regional collaboration, through the Combined Authority, the NHS Sustainability and Transformation Partnership and community led projects. Further integration of the two councils will have the ability to directly increase this regional collaboration.</p>
<p>A more robust revenue base for both Councils</p>	<p>Savings for both councils would mean an increased revenue base across the region – to support growth, employment and living standards – and by having a more sustainable revenue base, the impact of any adverse growth effects is minimised.</p>
<p>Ability to employ and retain a wider range of skilled staff</p>	<p>As the two Councils join services, there will be increased opportunity for development and progression for the workforce in both PCC and CCC. This will lead to better recruitment and retention and encourages a diverse range of professional skills and qualities.</p>
<p>Fostering learning, creativity and innovation</p>	<p>Research shows that ‘cross pollination’ of staff between organisations and sharing of skills, knowledge and behaviours fosters a culture of creativity and increased innovation. In the current technology-led era, contemporary service delivery models and innovative practice can radically improve services to communities, especially in remote rural areas.</p>
<p>Advancing skills in strategic planning and policy development</p>	<p>These higher conceptual skills increasingly demand well developed research, analysis and community engagement. With centralised services and targeted resource, both Councils will have more scope to invest in staff and external specialists and to build the engagement of Councillors and communities in these processes.</p>
<p>Enhancing credibility for more effective advocacy</p>	<p>Closer working between the two authorities will give both Councils a louder voice when it comes to working with local and national government, public and third sector partners and business leaders. This can help influence outcomes and bring about change that may otherwise be lost against competing demands from other regions</p>
<p>Stronger partners for other public sector organisations</p>	<p>As we align Council services across the Peterborough and Cambridgeshire footprint, it will be easier for partner organisations – Health, Police, Fire, and District authorities – to engage with us to meet common goals for</p>

	communities.
Better equipped to cope with complex and unexpected changes	Sharing or fully integrating services will give both Councils greater resilience against challenging circumstances, allowing us to deploy resource effectively to cope with sudden or complex change.
Potential for higher quality political and managerial leadership	Larger, stronger councils have a greater ability to attract, remunerate and retain more highly skilled and experienced leaders, both at the political and executive management levels.

Governance

Programme governance structure has been established to provide transparency about accountability, roles and responsibilities and decision making. There are controls in place to effectively monitor the delivery of the programme and its intended financial and non-financial benefits and to identify and mitigate against significant risk. This governance will assess effectiveness of strategies and actions and will modify and respond as needed.

5. CONSULTATION

- 5.1 As per the detail given in Section 4 above, Shared Services items are following a set protocols which includes the appropriate consultation for the initiatives concerned.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Growth, Environment and Resources Scrutiny Committee understand the rules under which Shared Services is working and the progress to date.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Growth, Environment and Resources Scrutiny Committee requested an item as part of it's work programme and this report complies with that request.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 This is an information report, as such alternatives are not required for this report.

9. IMPLICATIONS

Financial Implications

- 9.1 The City Council have a £4.5m Savings Target to achieve as part of the 2019/20 MTFS with a further £4.5m required in 2020/21. These requirements are being monitored as part of the 2019/20 MTFS process.

The latest update was given as per Tranche 2 which set out the following:

Shared Services progress.

The £9.0m Shared Services savings, as set out in the 2018/19 MTFS had initial allocations which are illustrated within the following Table.

Shared Services Allocation

Savings Initiative Areas	2019/20 £000	2020/21 £000
Serco PSSP Contract	1,850	1,850
Serco IT Contract	600	600
Back Office Finance, HR, Legal	1,200	1,200
P&C Initiatives	850	850
Total	4,500	4,500

Additional work is required to reach the overall target, however initial work undertaken sets out the following savings that will be delivered in 2019/20:

- £0.450m that can be delivered in ICT, mainly from the consolidation and rationalisation of Amazon Web Services
- Circa £1.0m from Business Support over a range of initiatives
- More work is required to be delivered on the Contact Centre, as the existing Salesforce contract ceases on the 30 September 2019.
- People and Communities initiatives are showing a £0.771m savings in 2019/20, with a further £0.798m savings in 2020/21.

Taking into consideration the savings which have been identified, approximately £2.3m, of the 2019/20 has been allocated to a specific work stream. A further £2.2m of savings options are to be identified to fully achieve the £4.5m shared service saving in 2019/20. Work will continue on the development of full business cases and an updated position will be included within the MTFS 2019/10 Tranche Three report.

Legal Implications

- 9.2 This report is an information update and the reports that went to cabinet in September had full legal clearance.

Equalities Implications

- 9.3 Equalities Impact Assessments will be required for changes where appropriate through the business case process.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1
- 2018/19 MTFS Report - Council March 2018
 - Medium Term Financial Strategy 2019/20 To 2021/22 - Tranche One - Council July 2018
 - Peterborough City Council (PCC) And Cambridgeshire County Council (CCC) Shared Services Joint Working Agreement And Protocols - Cabinet 24th September 2018.
 - Medium Term Financial Strategy 2019/20 To 2021/22 – Tranche Two - Council December 2018

11. APPENDICES

- 11.1 N/A

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