

Report to: Cabinet

Date of meeting: 17 January 2021

Report author: Head of Enterprise Programme Management Office (WBC) /
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Title: Shared Services

1.0 Summary

- 1.1 This paper has been developed in the context of the Council's existing shared service initiatives, and the ambition across all Hertfordshire councils to build upon our collaborative foundations by exploring opportunities for greater sharing of services. This has led Watford Borough Council (WBC), Three Rivers District Council (TRDC) and St Albans City and District Council (SADC) to start to explore how we might work together on a number of shared services ideas with the purpose of providing efficient, resilient and high quality services to our residents.
- 1.2 WBC and TRDC already share a number of services and wish to build on this success, and widen the scope, improve resilience and increase capacity to meet the challenges ahead. SADC is also open to exploring a number of opportunities for collaboration, benefiting from this greater ability to deliver efficiencies.
- 1.3 This report recommends the continuation of these investigations relating to shared services and that specific proposals be developed to allow more resilient and financially sustainable services whilst seeking to improve the service for customers and to embrace further opportunities for commercialisation.
- 1.4 This builds upon the existing shared services model between WBC and TRDC which includes Human Resources, IT, Finance, Procurement, Environmental Health and Revenues and Benefits services.

2.0 Recommendations

Cabinet is asked to approve the following recommendations:

- To agree that officers should continue to develop business cases for the initial range of shared services comprising Building Control, Planning Enforcement Legal, Procurement and Emergency Planning with the intention that these are implemented between April and September 2022

- To agree that specific proposals supported by business cases and associated staff communications plans, are to be brought to Cabinet for agreement when discussions with neighbouring authorities have concluded.

Further information:

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3.0 Shared Services – Background and Principles

Shared services involves joint provision of either front or back office services between local authorities. They are underpinned by a Shared Services Agreement rather than the procurement of contracted services. The use of shared services is common amongst district councils and is often used to deliver services to facilitate resilience as it provides strength in scale with flexibility to adapt. The principles of sharing have been agreed between the three councils and will underpin the development of the shared services business cases. The principles of sharing that would underpin the development of any shared services business cases include:

- Seeing each other as natural neighbours with common interests geographically, economically and environmentally. By working together we will create a culture of collaboration and become stronger, and more influential, locally, regionally, and nationally
- Taking an approach which is strategic in intent and will position the councils collectively in the best way to support and consolidate our intent
- Retaining each council's own constitution and identities
- Ensuring no one council will be more influential than the other
- Seeking new collective opportunities but with no obligation to participate
- Agreeing principles for levelling up and devolution in a joined-up way
- Building resilience into existing services through scale efficiencies driven by further service sharing, contract consolidation and sharing of staff
- Strengthening finances more widely through income generating opportunities
- Sharing an ambition to extend collaboration and horizon scan for new opportunities

The objectives for the recommended shared services are set out below:

- Transform services – to develop transformed, digitally enabled, proactive, solution focused and cost effective services which will deliver a better customer experience for all customers and better value for money for all three councils
- Best practice service improvements - to allow for the sharing of best practice in service processes to improve the service for residents, customers and businesses and have a consistent approach across the geographical area
- Build resilience – to develop services which have a greater depth and breadth of resource to maintain high quality service delivery as workloads peak and during periods of staff absence, including annual leave and sickness
- Provide staff development opportunities – to provide greater opportunity for staff progression, skills transfer and job satisfaction, allowing the councils to attract and retain experienced staff in a challenging recruitment market
- Achieve financial savings – although not a primary driver, to reduce the overall revenue cost of services or drive more commercial opportunities.

4.0 Options

| Delivery model | Key features | Key advantages | Key disadvantages |
|----------------------------|---|---|---|
| Option 1 – Do Nothing | Continue to provide in-house | <ul style="list-style-type: none"> • Minimal disruption • Existing management approach and structures can be maintained | <ul style="list-style-type: none"> • No opportunity for scale improvements • Service more at risk from external factors |
| Option 2 - Shared Service | Shared Services Agreement, with services either shared across each council or with one lead council as host | <ul style="list-style-type: none"> • Services remain in direct/close control of the councils | <ul style="list-style-type: none"> • Opportunity for savings more limited than more arm’s length models as the services remain within direct control |
| Option 3 - Local Authority | Commercial company (Building Control and Planning | <ul style="list-style-type: none"> • Councils retain strategic control | <ul style="list-style-type: none"> • Entails significant resource to set up and once set up is |

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| Trading Company (LATC) | Enforcement only) set up with both councils as shareholders. Staff would transfer to the company which would contract with the councils to deliver services | <ul style="list-style-type: none"> Company has freedoms to act in a commercial setting to generate revenues Company has freedoms to set its own staff terms and conditions | liable to tax therefore only suitable if a strong revenue generating opportunity exists <ul style="list-style-type: none"> Regulatory issues setting up such a company for Legal Services |
| Option 4 - Outsource | The councils let a contract to a third party (public or private sector) provider to run the service | <ul style="list-style-type: none"> More opportunity to reduce costs Risk transferred to a third party | <ul style="list-style-type: none"> Councils do not have direct control Contract management may be challenging |

5.0 The councils are considering Option 2 (shared service delivery models) for all the services under consideration as it creates the greatest opportunity to move to a more collaborative way of working and to realise both financial and non-financial benefits.

6.0 Risks

| Nature of risk | Consequence | Suggested Control Measures | Response (treat, tolerate, terminate or transfer) | Risk Rating (combination of severity and likelihood) |
|---|--|--|--|---|
| Staff unease, leading to loss of key staff members and loss of resilience /corporate memory | This may impact on the quality of the service | Continue to communicate with staff and emphasise the benefits to all councils and them of the new shared service | Treat | Likelihood = 3 Severity = 3 Total risk = 9 |
| Transformational change does not happen | Efficiencies and wider benefits are not realised | Bring in a new Shared Services Managers / Leads to each service instigate change combined with a programme of | Treat | Likelihood = 2 Severity = 4 Total risk = 8 |

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| | | activity to move towards new ways of working | | |
| IT issues with data migration | <p>This may impact on the quality of service if historical data records from the councils cannot be loaded or easily accessed by all staff in the service when shared service starts</p> <p>It may also increase the cost of the shared service if there are issues with the data migration which require additional support</p> | <p>Ensure there is a plan in place as a back up</p> <p>Regular communication with the IT consultants to monitor the costs and issues relating to the data migration</p> | Treat | <p>Likelihood = 3 Severity = 4 Total risk = 12</p> |
| Political risk of a change of direction for shared services due to members dissatisfaction with proposals | This will mean the service will not be able to progress as a shared service | <p>Regular updating of leaders and members and temperature checks of their views.</p> <p>Member reporting to emphasise the benefits of the shared service</p> | Treat | <p>Likelihood = 3 Severity = 4 Total risk = 12</p> |
| One of councils decides to withdraw from the shared service | For two of the recommended services this would mean the shared service ceased. For the other the benefits of the shared service will be significantly | Regular review through the governance arrangements. | Treat | <p>Likelihood = 2 Severity = 4 Total risk = 8</p> |

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| | lessened and could make it unviable | | | |
| Financial and non financial benefits not realised | This will mean that the service will cost more than was originally planned in the business case | Constantly review the emerging financial benefits from the shared service and raise with senior management if these are not going to be delivered. | Tolerate and keep under review | Likelihood = 2 Severity = 3 Total risk = 6 |
| Dependent projects do not happen or are slower than planned to happen | This will mean that the project may miss its deadlines or not achieve the benefits that it had originally planned | Liaise regularly with the associated projects | Treat | Likelihood = 2 Severity = 4 Total risk = 8 |

7.0 Services being considered for inclusion in a shared service

The following services are being considered for sharing:

- Building control
- Planning enforcement
- Legal services
- Procurement
- Emergency planning

Officers are working to develop business cases to establish the viability of each of the recommended services. Further investigation and consultation is required with, and by, each of the councils before firm recommendations can be made.

8.0 Next steps

9.0 For officers to continue to develop the proposals outlined above to enable a detailed report to come back to cabinet and then to council with the intention that an initial phase of implementation takes place between April and

September 2022 as noted above. Further collaboration may take place in due course.

10.0 Implications

Financial

The Shared Director of Finance comments that at present there are no completed business cases so the impact on WBC's finances is yet to be established, but efficiencies are anticipated. The detail of the efficiencies will form part of the business cases. The work to complete the business cases is expected to be resourced internally, therefore no additional funds are requested. If a need arises, appropriate approvals will be sought. Therefore there is no impact on the Medium Term Financial Strategy at this stage.

Legal

The Head of Democracy and Governance comments that whilst Building Control, Legal and Procurement Services and Emergency Planning are executive functions Planning Enforcement is a non-executive function. It is therefore recommended that once detailed business cases are developed, any final proposals to proceed with the proposed services are recommended to council for approval. Both TRDC and SADC now operate a committee model of governance so will also need to have the proposals agreed by their councils. The arrangements will be documented in a shared services agreement between the respective councils.

Equalities, Human Rights and Data Protection

Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

In order to fulfil our duties under the Equality Act 2010 and the Council's commitment to equality and diversity, each business case will have an EIA. In the

preparation of this report an EIA has been completed and the main conclusions of that analysis are that each shared service would provide an enhanced and more resilient service for the residents of Watford and St Albans (and Three Rivers in respect of Legal) with no indication of negative impacts on those with protected characteristics.

As this is a new policy / change to an existing policy / change in service delivery involving processing it is likely to result in a high risk to the rights and freedoms of individuals, a Data Protection Impact Assessment (DPIA) will be undertaken as part of the next stage of work to review the IT requirements for each service.

Staffing and Accommodation

10.4.1 There will be an impact on some staff as a result of these proposals should they proceed. TUPE provisions will apply when staff are moved from their current council to whichever council is determined to be the lead authority. However, the intention is to minimise any potential redundancies. A joint HR Plan will be required between the relevant councils in respect of formal consultation with staff and Union representatives.

10.4.2 Staff impacted by the proposals outlined within this paper are aware of the context for shared services working and investigation, as are our Union representatives. Formal consultation will follow in due course at the appropriate time.

Environmental Considerations

The Councils all have or are moving towards flexible working environments which will help to minimise travel and will help contribute towards the Climate Change agenda.