

24 April 2012**Agenda Item: 6****REPORT OF COUNTY COUNCILLOR MARTIN WRIGHT****FINAL REPORT - SHARED SERVICES REVIEW GROUP****Purpose of the Report**

1. This report sets out the findings of the Shared Services Review Group, a Working Group established by the Overview and Scrutiny Committee to examine current shared services arrangements within the Council, highlight areas of good practice and look at potential areas for future shared service arrangements.

Information and Advice

2. The Shared Services Review Group met between May 2011 and February 2012 and comprised the following members:

Councillor Martin Wright (Chair)
Councillor Chris Barnfather
Councillor Joyce Bosnjak
Councillor Ged Clarke
Councillor Michelle Gent
Councillor Liz Yates

The Review Group would like to thank all those who attended to give information and share their experiences, including:-

Bev Smith, Assistant Chief Executive, Mansfield District Council
John Robinson, Chief Executive, Gedling Borough Council
Mick Burrows, Chief Executive, Nottinghamshire County Council

The Review Group was supported by Jayne Francis-Ward, Corporate Director, Policy, Planning & Corporate Services, and Ruth Rimmington, Democratic Services.

3. Over several meetings the Group explored a range of issues. At its first meeting there was detailed discussion about what was meant by the term 'Shared Services'. Shared Services denotes a variety of arrangements ranging from one council providing services to a number of other councils under a service level agreement or contract to joint procurement arrangements.

4. The Review Group requested all departments to provide information on current arrangements, whether formal or informal, where the Council works with other bodies in partnership or other services are delivered on the Council's behalf by other bodies. The Review Group were conscious that this could be a lengthy exercise so made it clear that what they were seeking was a general picture of current arrangements so they could get a sense of the areas of service delivery where the Council operates "Shared Services" in its widest sense.
5. The Review Group looked in detail at two arrangements, E M Law Share and East Midlands Property Alliance, two joint commissioning/procurement projects which are cited by the DCLG as exemplars of good practice.
6. E M Law Share is a consortium of 53 public sector bodies, led by Nottinghamshire County Council, which has established a partnership arrangement with 5 private sector law firms to provide legal support to its 53 member authorities as and when required. During the first four years of the arrangement 2006-2010 over £3 million was saved across member authorities under the arrangement.

East Midlands Property Alliance – formed by Local Authorities to improve the delivery of property services to their communities. aims to:

- Improve procurement by establishing parallels
- Increase influence in the market
- Share knowledge to establish best practice
- Provide training

Since its inception in 2008 EMPA has saved £13.5 million across all its member authorities.

7. The information provided to the Review Group by all departments demonstrated that there are many and various shared service/partnership arrangements operating successfully across the Council. In Adult Social Care and Health, joint commissioning arrangements with Health are well embedded. Within Children's, Families and Cultural Services there are numerous examples of joint/partnership working including a joint City and County Service for Archives. Environment and Resources Department are involved in discussions on more joint working arrangements including the TITAN project (Towards Integrated Transport Across Nottinghamshire). A project looking at working in an integrated way with other public bodies and the Voluntary Sector in the commissioning and delivery of transport.
8. The Review Group noted that there were very few examples of NCC merging its service provision with those of another public body and that most of the examples within NCC related to joint procurement or partnership working.
9. The Review Group invited representatives from two District Councils to attend a meeting to discuss arrangements they had in operation and what level of interest there may be in establishing a shared service arrangement with NCC.
10. It was clear to the Review Group that a number of District Councils were undertaking joint procurement exercises and some discussions had taken place regarding establishing some shared services between Districts. Although not ruled out, there was clearly less interest from District Councils in exploring shared service arrangements with the County Council.

11. The Review Group then explored whether the position within Nottinghamshire was replicated around the country or whether Nottinghamshire was falling behind other authorities in establishing shared services.
12. The Local Government Association (LGA) has produced a national map of shared services. The map evidences that the majority of shared service arrangements across the country relate to shared management teams, shared ICT services and other functions generally described as back office functions. The map further evidences that in the main it is District Councils which operate such arrangements.
13. Where shared service arrangements operate in areas such as Children's Social Care or Adults Services they are, in the main, joint procurement/commissioning arrangements.
14. The New Local Government Network (NGLN) has undertaken a shared services survey. The results of this survey further evidence that shared service arrangements have mainly been implemented at District Council level and savings generated are in over 90% of cases less than £1 million. It must, however, be noted that these savings need to be measured against District Council budgets.
15. Both the NGLN report and the survey responses show that there are a number of obstacles to implementation of successful shared services arrangements. The main obstacles relating to HR issues and include different terms and conditions of service, different pay rates etc. Other obstacles cited include legal implications, political resistance and organisational differences.
16. It is clear to the Review Group that Nottinghamshire is not unlike other similar Authorities across the country. Most similar authorities have undertaken very similar joint procurement/commissioning exercises, making significant savings, but few have either attempted or successfully completed the amalgamation of services between Authorities to create a "Shared Service" operated by one single provider.

Conclusions

17a) Whilst on the face of it shared services can have a beneficial cost impact on Authorities; there are numerous obstacles to overcome in order to successfully implement such arrangements. It is, therefore, important that before any such arrangements are pursued a full cost benefit analysis is undertaken as the cost of implementation of any arrangements may well outweigh any savings made.

b) That joint procurement/commissioning arrangements have proved very effective in terms of cost savings and improved quality and should be encouraged wherever possible.

c) That Nottinghamshire is in a similar position to other Authorities in relation to shared services and has many more examples of successful joint procurements than others.

Statutory and Policy Implications

17. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- a) That the report be noted.
- b) That the report be referred to Policy Committee for consideration whether amendments should be made to the Procurement Strategy as a result of the findings of the Review Group.

County Councillor Martin Wright
Title of Report Author(s)

For any enquiries about this report please contact:

Jayne Francis-Ward Corporate Director Policy, Planning and Corporate Services

Constitutional Comments ([initials and date xx/xx/xx])

18. This report is for noting

Financial Comments ([initials and date xx/xx/xx])

19. There are no financial implications arising directly from this report

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

NGLN REPORT Shared Necessities. The next generation of Shared Services
LGA Map available at www.local.gov.uk

Electoral Division(s) and Member(s) Affected

All

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