

Shared Services

Increased collaboration between councils, and between councils and other local partners is, in some cases, leading to the establishment of **shared services**.

Shared services describe a variety of arrangements whereby a service provider delivers services for a group of councils and or for other public bodies under a service level agreement (SLA) or contract.

whereby support functions common to multiple units within an organisation are consolidated in a single provider, are a growing trend for companies and public sector bodies looking to cut costs and improve efficiencies.

In the wake of pressure to improve service delivery while cutting costs, the public sector is beginning to embrace the shared services model to take advantage of economies of scale and streamline processes.

Shared services models have traditionally focused on back office functions, such as IT and HR. Increasingly, however, organisations are shifting key strategic functions such as R&D. Technology has made it possible to integrate the range of functions that makes shared services possible.

The Deloitte report - Stop, start, save. Shared service delivery in local government - looks at the potential for local government to share standardised processes such as payroll, financial administration and other transaction-driven back office processes.

Deloitte argues that legislation, that would lead to the obligatory introduction of regional or multi-local authority shared services, would remove the need to build political consensus and address cultural resistance.

According to Deloitte, the potential for significant savings is hampered by the strong desire to protect the sovereignty of individual authorities. Sharing back office services would not create a deficiency in local government democracy as councillors are held accountable for the outputs of their authorities and not to manage support processes.

The report identifies a number of behavioural and political obstacles beyond the cost of initial investment and capacity that prevent the development of shared services in local government:

- Risk of reducing headcount
- The urge to protect local authority and desire by elected members to maintain self determination over frontline services.
- The concept of sharing infrastructure and or management functions with another council is believed to undermine the sovereignty of participant authorities by some elected members.
- How to relocate staff outside a political boundary and share control or buy services is difficult to agree.
- Issues linked to an individual's career path.

Examples

Nationally

Westminster and Hammersmith and Fulham councils are planning to merge their education departments with an expected saving of £4m.

In 2007 Adur District Council and Worthing Borough Council, entered into a joint partnership for the delivery of their local services using a workforce and senior officer structure. Both Councils remain separate.

This is the first arrangement of its kind in Local Government in England and demonstrates an innovative approach by two small District Councils. The overall initiative and the key strands of the partnership including the Joint Overview and Scrutiny arrangements were driven by the need of the Councils to preserve essential services to their communities in the face of reduced government funding and the efficiency demands of the 2007 Comprehensive Spending Review (CSR).

Both Councils be on target to achieve the projected net savings of £2.2 million for 2010/11, £1.2 million for 2009/10 and £1 million saved in previous years. It is estimated that £6.4 million will be saved by 2012/13.

Locally

Leicestershire County Council is hoping to share finance, HR, Payroll and ICT services with Nottingham City Council and this area will also be explored with other interested Councils.

The County is continuing to engage with local district councils to explore and explain the potential for the County Council to act as a provider of shared back office services. The Council will also in its community leadership role, encourage districts to work with each other to develop shared services.

Chesterfield Borough, Bolsover District and North East Derbyshire District councils have joined forces to form a Joint Working Group that will transform the way some services are provided.

One of the first consortiums of its kind in the East Midlands it is a long term plan to provide more joint council services in North Derbyshire and improve standards for customers.

Over the next five years the Councils expect to achieve £1.5m of efficiency benefits. They also expect to see a 54% improvement to service quality for citizens.

What they say:

'Many councils are already taking steps to make their own efficiencies through innovative and effective working. I want to see more sharing management, expertise and resources. Incremental changes won't be enough. Councils need to think about how they can radically reconfigure services' - Local government minister Bob Neill.

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