

WIRRAL COUNCIL

CABINET

11TH JULY 2013

SUBJECT:	SHARING SERVICES BETWEEN CHESHIRE WEST AND CHESTER AND WIRRAL COUNCILS
WARD/S AFFECTED:	ALL
REPORT OF:	JOE BLOTT, STRATEGIC DIRECTOR TRANSFORMATION AND RESOURCES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ANN MCLACHLAN GOVERNANCE AND IMPROVEMENT
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 The report covers the potential for sharing back office services between Wirral Council and Cheshire West and Chester Council.
- 1.2 The decision would promote both value for money and best practice, and underpin the delivery of services

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Cabinet received a report in May 2013 which outlined plans for our Transformation Programme. Cabinet confirmed one area to explore was the notion of shared services with other Councils shared services can mean many things. Often thought of as back office arrangements (transactional, operational or professional), councils and other public services are increasingly looking to share senior management, consider joint venture relationships with other public sector bodies and the private sector, and also move to shared front office services such as adult's and children's services.
- 2.2 Officers of both councils have been discussing the scope of potential sharing initially across a range of back office functions covering Finance, HR, Procurement, IT and Legal services.
- 2.3 An information 'baselining' exercise has been undertaken, covering these areas which will be used to support specific savings targets for Wirral Council, (including a delivery plan), and to highlight savings arising from sharing these services.
- 2.4 The two councils have already begun to share management of procurement services. Over the coming weeks we will determine the strategy & plan for a Collaborative Procurement Unit.
- 2.5 There is scope for further sharing across the entire back office, which if it is merged can give considerable savings. Following Cheshire West's local government reorganisation in April 2009, savings in corporate services exceeded 25%, and in recent years as further efficiencies have been made this has increased to over 40% of the original total.

- 2.6 Taking a similar approach to service design and delivery within Wirral would not only help to deliver the savings for Wirral already identified in a manner which supports and enhances a strong culture of governance and corporate delivery to underpin savings plans in other areas of the council and would add additional savings to both councils directly resulting from taking a shared approach to systems, people, buildings, working practices and the internal control environment. Work is underway with support from the LGA to achieve this.
- 2.7 Further work is needed to identify a detailed plan and timetable for the delivery of the savings, and it is envisaged that this would be provided for members in October of 2013, underpinning savings plans across a two or three year period.
- 2.8 One of the underlying principles of setting a strategy and delivery plan for shared Corporate Services will be to consider economic benefits for both councils, as well as delivering savings, together with a strong control environment and governance framework.
- 2.9 Cheshire West and Chester already share some back office services (ICT and transactional HR and Finance) with Cheshire East Council, and this will need to be considered and included within the future plans. Savings from sharing these services will of course accrue to all councils involved.
- 2.10 The shared service would be covered by a legal agreement, and in due course potentially utilise company or mutual structures.
- 2.11 Governance would be by establishing a joint committee of members, comprising three members from each Council, with full delegated Executive/Cabinet powers supported by a joint board of officers to oversee progress in achieving the plan and progression towards establishing a fully merged corporate service within the identified three year timescale. Decisions of this Board would be publically available and subject to scrutiny/challenge in the normal manner.

It is envisaged that the lead officers would be the two Directors of Resources, responsible for the implementation of the plans, with representation from legal, finance, HR and procurement to oversee progress. Progress would be overseen by the two Chief Executives.

- 2.12 Each council would clearly identify the relevant costs and liabilities. These would be shared on an equitable basis, and once agreed, this would be set out in the proposed report to members in October 2013.
- 2.13 There is considerable scope for expansion of the merged service for it to trade with/ provide services for other councils, either as full partners or on a service by service basis.

3.0 FURTHER AREAS OF SCOPE

- 3.1 There is also considerable scope for collaboration and sharing in a range of other services, and the latest position and potential is outlined below:

3.1.1 Community Budgets

The work Cheshire West & Chester Council have done on recently on Community Budgets, through the nationally recognised All Together Better programme, will also help us explore and develop new ways of integrated working for families with complex needs and frail elderly services. They have developed new designs and delivery models from which we can gain insight and learning to help the Council deliver improved outcomes and efficiencies in the Wirral.

3.1.2 People Commissioning & Public Health

There are likely to be opportunities for sharing scarce resources and for collaborative commissioning of public health across the two local authorities (and indeed with other local authorities). We will be exploring the potential afforded by the Cheshire and Merseyside collaborative public health service to develop these ideas. Combined spend and joint commissioning across the councils will lead to additional savings. It is both a unique and timely opportunity for both councils to drive a joint commissioning agenda for Public Health where the combined spend is estimated to be in the region of £20m. Knowledge and intelligence services are another area where we could look to identify where we can support the local authorities in strengthening their overall commissioning activity. We should seek to maximise all opportunities available to us through our collaborative commissioning work with the NHS. Areas for exploration are highlighted in Appendix 1.

3.1.3 Economic Development and Prosperity

There is much collaboration that takes place currently and will continue. Many residents of both Councils work in the adjoining area, with GM Vauxhalls as an example, employing significant numbers of Wirral residents. There is clear, positive promotion of areas for inward investment building on the success of the Wirral Waters project and job creation in Ellesmere Port.

Equally, both Councils are members of the Mersey Dee Alliance, which is a strategic partnership between Wirral, Cheshire West and Chester, Flintshire, Wrexham, Denbighshire, Merseytravel, Taith and the Welsh Assembly Government.

Opportunities are being investigated for potential collaboration around environmental and technical functions, but at this stage, none are proposed.

We continue to work together around the Mersey Dee Alliance and its significant contribution towards the Atlantic Gateway. To that extent we are already collaborating on some of our Prosperity agenda in supporting this activity. There will be opportunities to increase this collaboration and we will look at ways to work more collaboratively with the Cheshire and Warrington LEP. Broader opportunities are possible around asset management, property services and professional services around capital and project delivery. This area could bring some synergies and mutual support benefits.

A further area for examination could surround our mutual culture and leisure programmes. For example the Open golf tournament, a world recognised event, being hosted at Royal Liverpool, Hoylake in 2014 has great economic benefit to the whole region and that needs to be maximised. Event management to maximise the benefit across the area is something that we continue to work on and there is a real role for collaboration via Marketing Cheshire and working closer with Wirral.

4.0 TRANSFORMATION CHALLENGE AWARD

- 4.1 The Challenge Award, (Appendix 2), is available to support local authorities that are at the cutting edge of innovation for service transformation so that they are going further and faster in reengineering service delivery and achieving efficiency savings.
- 4.2 DCLG are looking to provide support (**major multi-authority awards**) for radical innovations involving two or more local authorities combining their operations across all or a major part of their service delivery and back office, whilst maintaining their separate identity and political representation. The combined arrangements meriting support could, for example, involve several local authorities coming together to create shared arrangements over their major services of adult social care and children's services, perhaps linked with novel approaches on commissioning, procurement and the use of assets. A further example might be where several local authorities decide to move to a single operation across all front-line service delivery and back office, coming together to share a single chief executive and management team, a single workforce, common IT systems, joint procurement and contracting and shared service delivery.
- 4.3 Given the nature of the proposals contained in this report it is believed we would have a strong case for success in this Challenge Award. The bid submission deadline is 14 July 2013. Members are asked to endorse the submission of a bid to this Fund to reflect the proposals set out in this report and the associated impact on the existing shared services arrangement between Cheshire West & Chester and Cheshire East.

5.0 RELEVANT RISKS

- 5.1 There is a range of risks associated with progressing the merged services, but all of these will be covered by a project risk register and managed appropriately.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Each council can choose to stand alone and continue with its existing plans.
- 6.2 Cheshire West and Cheshire can progress sharing of services with Cheshire East alone, which will also produce savings.

7.0 CONSULTATION

- 7.1 Consultation at this stage has been limited to the Executives and senior officers of both Councils, however further consultation will be undertaken as the proposals progress.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 There are none specifically arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 There will be some upfront initial investment, and the details of this, plus the related savings arising will be included within the October report.

- 9.2 Both Councils are currently undertaking a baseline assessment to determine the level of activity and cost of back office processes and third party spend across their organisations. From this the Councils will develop detailed plans for sharing services and delivering financial benefits. These will be reported in October.

In broad terms, the level of current corporate services function cost for the two councils is some £68m.

The potential for generating efficiencies across finance, HR, payroll, procurement, ICT and other corporate processes, and their related areas of support administration, is very significant. We need to evaluate each service but savings could be as high as 10%- 25% of these costs, when taking into account the benefits of simplifying, standardising and sharing processes and ICT platforms across both councils. The sharing of these services with Cheshire West & Chester Council gives us the option to rapidly accelerate the delivery of financial efficiencies whilst maintaining our business critical services. In Cheshire we have a potential partner who has proven they can deliver this scale and pace of change.

Work is ongoing to firm this up. This will cover specific areas of saving, timing and values. It will also identify to which Council the savings will appropriately accrue recognising relative levels of resourcing and investment in shared activities.

- 9.3 To realise the very significant financial benefits set out above will require shared leadership, management and service operations to be established across corporate services and supporting process areas. The plans to be developed and reported in the October report will set out the organisational options and designs for how the shared service could be structured and the mechanisms for achieving this. These plans will enable high quality corporate services to be maintained for both organisations whilst ensuring that the benefits of process standardisation, economies of scale, flexibility of resource deployment, and shared IT platforms can be secured.

These plans will set out how, when and where we can integrate the Council's corporate services operations with those of Cheshire West & Chester Council. It will also set out where it may be appropriate for our transactional services to be provided through the current Cheshire Shared service operation (that is the shared service operation currently in existence between Cheshire West & Chester and Cheshire East Council).

10.0 LEGAL IMPLICATIONS

- 10.1 There will be a legal agreement covering these arrangements, which protects the interests of both councils.

11.0 EQUALITIES IMPLICATIONS

- 11.1 No impact specifically identified at this stage, but this will be considered as the project develops and is implemented.

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 No impact specifically identified at this stage.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 No impact specifically identified at this stage.

14.0 RECOMMENDATION/S

14.1 That the proposal to explore sharing all back office services (BOS) be approved, with the medium term aim of a fully merged shared corporate service;

14.2 That a report with detailed proposals and indicative timescales be brought back to members in October to provide assessment of financial and service impact and potential benefits for both councils.

14.3 That both councils endorse a concordat, setting out the direction of travel.

14.4 To approve a joint submission for funds from the DCLG's Transformation Challenge Award.

14.5 That no vacancies arising in a BOS area be automatically advertised without prior reference to the shared arrangements. Further, consideration is given to 'one lead' in each BOS area, with the successful candidate spending their first six months in the Council of the unsuccessful candidate. Consideration also to other relevant posts, possible areas of shared responsibility.

15.0 REASON/S FOR RECOMMENDATION/S

15.1 Sharing a corporate services office between the two councils will enable strong financial, resource management and governance for both councils, and will provide a stronger platform for the development of shared back office services with Cheshire East, and in due course other councils.

15.2 This is an opportunity for both councils to make savings whilst prioritising strength and excellence in joined up corporate services, improving services, the customer experience and at the same time allowing some protection for frontline services in the face of continuing austerity in public services.

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APPENDICES

Appendix One – Potential for Shared Commissioning or Shared Services

Appendix Two – Transformational Change Award – DCLG

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date