

## **Future Collaborations Group**

### **North Yorkshire & York Shared Services**

**Local Government North Yorkshire & York 16 September 2011**

#### **Introduction**

1. This report is structured in two parts:
  - (a) Part 1 provides a brief reminder to the background of this project with the recommendations for the way forward.
  - (b) Part 2 provides more detailed information about each aspect of the project including an overview of what has been achieved, along with some issues for consideration.

#### **Part 1**

##### **Background to the project**

2. District and County Leaders considered a paper on “Future Collaborations” in April 2010 which facilitated a discussion and led to the formation of some conclusions on future ways of working between the councils and other public sector partners. Following informal feedback from each council the Local Government Board in October 2010 committed to exploring a shared service programme across North Yorkshire and York. Members agreed that the Programme, which has been supported by RIEP funding (£220k), would provide two deliverables
  - (a) a Strategic Delivery Plan/Framework and
  - (b) four business cases covering
    - Access to Public Services in Harrogate (because of the scope to provide a model for adoption across the sub region);
    - Revenues & Benefits (a key front line service for York City Council and the district councils);
    - Economic Development (because of the then impending LEPs); and
    - CCTV (as a follow up to work initiated by the NYSP Safer Communities Forum).
3. Following the appointment, in February 2011, of a consultant to support the project, work has been underway to document and assess the potential for

sharing in each of these areas. Chief Executives at their meeting in May considered outline cases and discussed the potential for further work. At that meeting it was agreed that there was significant potential in Access to Services and moreover that the scope should be widened from Harrogate only to a sub regional context. It was also agreed that there was scope to further explore opportunities in Revenues and Benefits, accepting the national policy debate that is underway, but less scope for CCTV and Economic Development. Work continued on the shared services strategy and the business cases and was completed at the end of July 2011. The resulting documents were provided to each council and this report summarises the key findings, along with recommendations about the way forward.

## Recommendations

4. This section of the report sets out the recommendations for each element of the project i.e. the Strategy and the four business cases.
5. For the **overarching strategic framework** it is recommended that the approach is based on clusters of councils initially, with opportunities for other public sector organisations to work with the appropriate cluster as they choose; a focus on priority services; partnership working founded on “a coalition of the willing” with scope for individual partners to join at a later date; and a commitment to action. Agreement is also sought for an annual review of partners to identify forthcoming opportunities for sharing.
6. For the **Access** business case it is recommended that
  - a) The implementation of a joint web and telephony infrastructure and service be committed to as the top priority to be delivered. That in doing so, participating councils accept that they are committing to joining the full service for web and telephony including the technology, staffing and other supporting elements.
  - b) That NYCC, Selby, Richmondshire and Hambleton Councils are recommended as the councils to be involved in the initial implementation phase with the remaining councils confirming their commitment to the joint approach at a future date which is appropriate to them, should they decide to do so (York has indicated that an interest in further discussions on the technology infrastructure).

If the recommendations are supported, it is recognised that this will build on the work of the Connect partnership (which enables the technology solution) with a project focussed on the transformational elements including sharing staffing and joint approaches on processes/procedures and dealing with customers.

Further, those councils involved in the pilot will work together to produce a detailed project plan along with specific information which explores the implications for the individual councils. These will then be provided to those councils to enable a final commitment to the project to be made.

7. For the **Revenues and Benefits** business case it is recommended that more detailed explorations are committed to with a further report back within six months to enable a decision to implement a shared service or not, to be taken. These explorations will include securing discussions with the Department of Work & Pensions to better understand the implications of the Universal Credit and whether this provides opportunities, or not, for creating a shared service - either in part or completely - across the sub region. It is also proposed that the explorations focus on a cluster of councils which have indicated their ability to move forward in line with the timescales and can be actively involved in these explorations and includes Selby, Craven, Richmondshire and Hambleton Councils. York has also indicated its interest to be involved in the further discussions around Universal Credit.
8. The explorations which have supported the development of a business case for **Economic Development** have helped us to show that because of the pace of change in this area over recent months, the deliverability of savings through shared services is questionable. There is scope however, to seek to increase the resilience, ability and capacity of our collective Economic Development resource and on this basis it is recommended that we
  - a) agree to share a statistics service using the data provided by the NYCC/LEP support team
  - b) build on the new LEP support team which is providing strategic input
  - c) retain within each council local delivery arrangements
  - d) further explore how the collective resources will work together to deliver the LEP strategic aims whilst supporting local delivery.

9. It is recommended that sharing for **CCTV** be based on the low level of sharing option which includes a sub regional CCTV user group for partners, and the sharing of training and procurement where appropriate. Opportunities for higher levels of sharing can also be pursued by individual councils working together – these would be initiated by the particular councils rather than as part of a sub regional shared service project. Alternatively individual councils can initiate discussions with the larger CCTV providers in the region to explore contractual arrangements which deliver efficiencies as an alternative approach to delivering the CCTV service in-house.
10. That high level business cases are developed on **other services**. Jacobs have recommended that ICT, procurement, internal audit and legal have a role to play in supporting shared services and it is therefore recommended that high level business case are developed in these areas over the next 12 months to identify if there is scope and opportunities to develop sharing for these services (clearly there is scope to exclude internal audit from this because of the work which is ongoing in this area).

## **Part Two**

### **Achievements**

11. The project has delivered the overarching strategy and four business cases. These have been developed with the support of Jacobs and officers from all councils. Work has been ongoing over the past six months to engage with each council, gather and analyse data and arrive at conclusions which have informed the strategy and the business cases. This process has not been without some difficulties including not being able to engage fully with all councils and all the issues, for legitimate local reasons, and this has meant that in some instances we did not receive all the information we needed to feed into the process at an early stage. Notwithstanding this we have made significant progress, particularly with those councils who have engaged. We are, therefore, in a position to conclude that the project has delivered the strategy and the business cases, whilst recognising that the detail on which the recommendations are based may not be robust to the final degree they do give sufficient confidence on which to move forward.
12. Further detail is provided on the Strategy and the four business cases in the Appendices. Additionally each council has been provided with a full set of documentation from Jacobs which contains all the business cases and the strategy.

## Issues

13. There continues to be a high level of appetite for sharing across the councils which builds on successes already made through a range of existing and ongoing collaborations. However, there is an increasing desire to see some action being taken – to achieve this it will be necessary to accept that we have not, and cannot, explore in detail all the possible scenarios, risks and benefits that come with sharing services. If we are to move forward there will need to be a degree of calculated risk-taking by using the available information to commit to a set of agreed actions which deliver tangible shared services.
14. If support is given to moving forward it is envisaged that initially staff will remain in existing locations where possible so that we, in effect, create “virtual” centralised teams. To secure all or further savings it may be necessary to review this and we can do so at the appropriate time. Councils which therefore, commit to the sharing opportunities will need to do so in the knowledge that there will be implications for staff as we move forward e.g. numbers employed and terms and conditions.
15. Rather than moving forward with a range of services it is proposed that the focus of implementing a shared services strategy should be on one or two priority services and whilst doing so, giving further consideration to some enabling services such as ICT and Procurement.
16. There remains some project funding from RIEP of approximately £100k to implement the next stages.
17. Some councils have expressed a strong desire to be part of any initial work, whilst others have indicated that they may join at a later date when there have been some successes/evidence of the benefits of sharing or when local circumstances allow. Our approach should be flexible to accommodate this.
18. If the recommendations are supported an appropriate project structure, using existing resources and the knowledge gained from this initial phase, will be put in place to lead on and implement the decisions taken.
19. Through the Future Collaborations group, other partners were involved in this project and kept informed throughout and although many are pursuing other shared services opportunities, we will maintain contact with them, sharing this report and exploring opportunities as they arise.

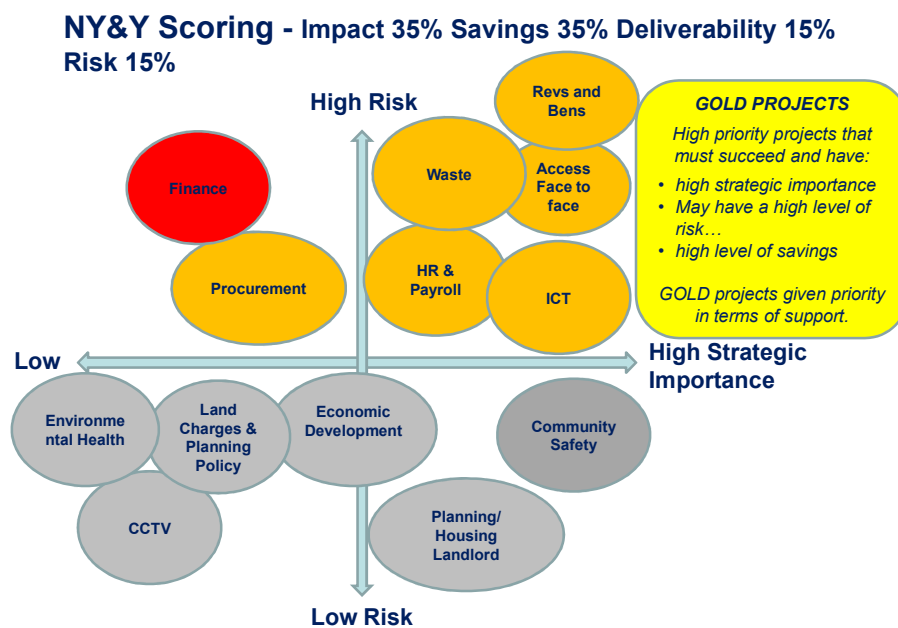
**Future Collaborations Group Chair: Peter Simpson, Hambleton & Richmondshire District Councils.**

**Report Author: Liz Smith, Deputy Chief Executive/Executive Director, Hambleton & Richmondshire District Councils.**

## **The Overarching Strategy**

1. In developing an overarching strategy we sought to address the following challenges:
  - Can a strategic framework be agreed on which defines our level of ambition on shared services, governs the pace and priorities over the next two years and sets the tone for constructive challenge amongst peers?
  - Working together strategically across the sub region whilst not fettering ongoing relationships involving small groups or pairs of partners.
  - Is the time now right to build further the thinking and behaviours that will enable the whole group of Councils to work more proactively together in an inclusive and transparent culture through a strategic framework?
2. We are proposing that the overarching strategy is for the public sector in North Yorkshire and York to embrace opportunities to work together more closely to drive out savings and make strategic step changes. The Strategic framework encompasses:
  - (a) A partnership approach based on **clusters** of councils initially, with opportunities for other public sector organisations to work with the appropriate cluster as they choose. The configuration of clusters could vary depending on the service and would include:
    - (a) One cluster covering all of North Yorkshire including York
    - (b) Two clusters covering (a) North Yorkshire and (b) York
    - (c) Four clusters covering (a) Hambleton & Richmondshire (b) Craven, Selby, Harrogate (c) Ryedale and Scarborough (d) York. NYCC would work with the four clusters as necessary.
    - (d) A cluster based on willing partners
  - (b) A focus on **priority services**.
  - (c) A basis of partnership working founded on “**a coalition of the willing**” with scope for individual partners to join at a later date.
  - (d) **A commitment to action** and agreement to move forward within a framework of principals for particular services following which detailed work, including the preferred delivery models would emerge.

3. Jacobs have identified a significant opportunity to develop shared services in areas which were not explored in the initial four business cases but which, in their judgement, are central to the achievement of shared services (including the four business cases). These include
- the “enabling services” of ICT and procurement;
  - “back office” services in HR, internal audit and legal; and
  - Broader service areas including Environmental services (e.g. depot rationalisation) and Asset Management (the subject of a separate RIEP funded study).
4. In exploring the strategy we contacted all public sector organisations in the sub region who are part of the Future Collaborations work (i.e. councils, health, police, fire, national parks) and assessed their appetite (high, medium or low) for sharing services. The responses, which excluded health, indicated that there was a strong appetite for fully shared services and more collaboration in general particularly for Finance, HR, ICT, Land Charges, Payroll, Planning Policy, Corporate Policy and Performance, Procurement, Community Safety, Environmental Health, Waste (and trade waste), Emergency Planning and Strategic Housing Landlord functions. These have been scored according to their potential ease of implementation and the yield of efficiencies.





## **The Access Business Case**

- 1) The remit of this business case was widened by the Chief Executives in May to include the sub region and not just Harrogate. As a result, although we have reached some conclusions, our ability to fully develop these has been limited because of the time constraints. There is, however, a defined way forward emerging and we are confident that, with the support of a number – not necessarily all – councils we can commence work on this almost immediately.
- 2) The business case has shown the following which relates to councils' web, contact centre, reception/face-to-face services:
  - At total of £10.4m spent on “customer access” with 195 staff in total broken down as
    - Approx 12 staff employed on website support with total service costs of approx £664,000
    - 184 staff on reception/contact centre functions with total service costs of £9.7m
- 3) The business case indicates that there is a strong appetite for sharing and savings can be made in
  - c) Sharing web technology and having a combined Content Management System (which supports our websites) supported by a shared technical team.
  - d) Shared telephony/contact centre technology supported by shared staffing to deal with customer enquiries.
- 4) In implementing a shared approach the following should be noted:
  - a. With a shared approach to the web, each council/partner will have the facility of a localised front page and the ability to adapt shared content to reflect local circumstances.
  - b. Councils may have the option to retain their existing websites whilst connecting to the shared content management system or moving to a shared generic content management system. The preferred option, along with the investment costs will be determined if support is given to move forward on this.

- c. Participating Councils will move to the same contact centre technology which will release some savings. Greater savings come through routing calls across the participating councils which in turn requires shared staff/teams but this does not necessitate staff all being in the same location.
  - d. Although technology and staffing are focussed on here, the success of this project will require a new way of working across the participating councils and will therefore, be about much more than just joining up the IT we use.
  - e. It is recognised that the Connect Partnership has been established to provide joint technology solutions for councils and any commitment to move forward on the Access business case will be require the active involvement of that partnership (who have been fully consulted and are keen to do so).
- 5) Jacobs have indicated that the savings could be in the region of £300k net per annum (which equates to 54% or about 7 less full time equivalent staff) for all councils sharing the same Content Management System. If all councils share the same telephony approach, £950k net savings per annum (29%, 20 less FTE staff) could be achieved.
- 6) However, some councils have indicated their preference to not pursue this at this stage so an alternative scenario presented by Jacobs is to proceed with all councils sharing the web/CMS technology but only 5 district councils (Hambleton, Richmondshire, Craven, Ryedale, Selby) committing to the shared telephony approach. (NYCC share telephony with Craven and so would be able to join at a later date). This would still provide the £300k per annum saving for the web and approx. £200k (32%, 4 less FTE staff) for telephony.
- 7) We are recommending a shared service which involves NYCC, Selby, Richmondshire and Hambleton committing to take this forward initially. Calculations of the savings which could be available based on this cluster have yet to be undertaken.
- 8) The sharing of Customer Relationship Management technology will be explored at a future date.

## Revenues and Benefits

- 1) The Revenues & Benefits (R&B) business case has identified that the current cost of the service is £8.997m and 347 staff are employed in the service. Councils have indicated a strong appetite for sharing this service.
- 2) In compiling the R&B business case we have had regard to the forthcoming changes around Universal Credit and if sharing is implemented a phased approach which reflects the milestones around the introduction of Universal Credit whilst providing the opportunity for savings would be pursued. The possible scenarios under a shared services partnership up to, and beyond, 2017 (when all the functions may be removed from councils) are:

	<b>Up to 2013</b>	<b>2013 to 2017</b>	<b>2017 onwards</b>
Councils remain as sole provider	Back office functions shared, starting with 3 councils initially leading up to 8 sharing  Face to face remains within each district/city	Consolidate other opportunities for sharing within sub region.  Seek opportunities to trade outside of the sub region.	Consolidation (and further growth is agreed)
Councils responsible for face to face only from 2017	Back office functions shared, starting with 3 councils initially.  Face to face remains within each district/city	Consolidate sharing within sub region.	Sub regional back office hub transfers to new provider
DWP (or other) as sole provider	n/a	n/a	All functions (back office and face to face) transfer to DWP

- 3) Regardless of the future changes with Universal Credit, the business case indicates that there could be scope to implement some sharing of the R&B function before 2017. Features of a shared service include:
- a) Shared back office processing centre (accommodation needs to be assessed) with integrated phone (script aided from front to “middle office”) and web offer. Support with local face to face services
  - b) The back office would hold and manage a central diary appointments system in order to deploy officers of the shared service. Central online filing and customer information is also held as customer intelligence in the core back office transaction team and is shared via document management systems
  - c) Training of non-benefits staff to handle the less complicated front of house offer with some online script intranet.
  - d) Recognition of the strong links with the Access to services business case.
- 4) The Business Case indicates that savings of up to 40% (£3.6m) may be available up to 2017 if all councils share. Investment in technology in particular may be needed and offset some of the savings, however all councils currently use the same system (Northgate).
- 5) Jacobs have explored an option whereby Richmondshire, Hambleton, Craven, Selby and Ryedale (the smaller districts) share. This could provide savings of £1.68m (38%) and involves 35 less staff.
- 6) The changes to council tax benefit and the emphasis on shared/joined up approaches may be relevant here.
- 7) The councils offer different levels of service and perform differently. In taking forward a shared approach these will need to be explored further so that the approach to performance and service standards can be better understood.
- 8) Sharing may enable the creation of a sub regional hub with possible opportunities for development including attracting new business (either revenues and benefits from other councils or other similar exchequer services from a range of organisations).
- 9) The commitment to, and implementation of a shared Revenues and Benefits service is complicated by the changes around Universal Credit and

this means that there are a range of issues which have not yet been clarified. The key issue is whether councils will continue to have a role beyond 2017 as the DWP has not given a final view on this. We do know that the role of councils will change roles from 2013 and this presents a time barrier – any decision to share services before 2013 needs to be taken in the knowledge that there are real gains to be made before 2013 (and up to 2017) and that these gains offset the effort and impact that implementing the changes will have. At this stage we do not have this knowledge and further work is needed to ensure a robust business case is in place.

## **Economic Development**

- 1) Based on information gathered the costs of the Economic Development service across NY & Y are £6.6m, with £3.0m income and 54 staff (caution needs to be expressed here as the data is constantly changing as individual councils take and implement local decisions regarding the future shape of their economic development service).
- 2) Jacobs have explored 4 options:
  - a) status quo / no change i.e. continue with a 2 tiered approach. This does not deliver any savings
  - b) Regional statistics services provided by NYCC plus more co-ordinated approach to ED based on activity.
  - c) Building on (b) with a clustered shared service model with minimal savings.
  - d) Building on (b) with the strategic direction provided through the LEP and the support team as a hub. Localised delivery would be through community facing teams (spokes) but with support services provided through the “hub”. This could provide savings of £92k per annum (3 less staff).
- 3) Jacobs have recommended option (d). However, as mentioned above caution has to be expressed due to the changing nature of this service in councils, particularly over recent months. This means that the data on which Jacobs have based their recommendations is likely to be out of date – the deliverability of the savings, therefore is questionable. As a result option (d) is not recommended as the preferred way forward at this time.
- 4) There is scope however, to seek to increase the resilience, ability and capacity of our collective Economic Development resource and on this basis it is recommended that we
  - a) Agree to share a statistics service using the data provided by the NYCC/LEP support team
  - b) build on the new LEP support team which is providing strategic input
  - c) retain within each council local delivery arrangements

- d) further explore how the collective resources will work together to deliver the LEP strategic aims whilst supporting local delivery.

## **CCTV**

- 1) The CCTV service across York and North Yorkshire comprises of 24.5 Staff, 305 cameras, costs £1.2m and generates income of £0.5m. When asked councils expressed a low level of appetite for sharing which reflects that individual councils have different drivers and needs with regards to CCTV. Jacobs identified two options for sharing
  - a) **Low level** sharing – this involves the establishment of a sub regional user group to jointly develop practises and protocols, and share training and procurement (equipment, repairs, maintenance) which releases potential cumulative savings of £103k by 2016/17.
  - b) **High level** sharing – this suggests there is viability for a single service which could cover Harrogate, Selby, Hambleton & York (Scarborough, Richmondshire & Ryedale would continue with their existing individual arrangements) and utilises NYNET. This could potentially release net cumulative savings of £391k by 2016/17 (subject to detailed assessments of asset condition and network connectivity which will involve some investment).
- 2) In identifying the high level of sharing, Jacobs have attempted to initiate explorations around the rationalisation of the provision of CCTV across the sub region.
- 3) An alternative option to shared services could include the councils with larger CCTV services (York, Harrogate, Scarborough) providing a service for the smaller councils through a contract arrangement which may enable some efficiencies to be delivered to the smaller councils. (Richmondshire would be excluded from this as it has a favourable arrangement with the MOD as would Ryedale as NY Police contribute to the service).