

Report of	Meeting	Date
Deputy Chief Executive	Shared Services Joint Committee	Thursday, 3 February 2022

Is this report confidential?	No
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Is this decision key?	No
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Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
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Future development of shared services

Purpose of the Report

1. To set out the options and proposals for the future development of the councils' shared services relationship

Recommendations to Shared Services Joint Committee

2. That the shared services joint committee endorse the principles for future of shared services set out at paragraph 17.
3. That the committee endorse the proposed approach to future development of shared services; to develop a future phase that is targeted at developing resilience in service delivery and to undertake a review of management capacity.
4. To note that following consideration at the shared services joint committee, the proposals will be presented to the full council meetings in February for decision.

Reasons for recommendations

5. The recommendations will ensure that the councils have a clear vision for the next steps in the development of their shared services relationship.

Other options considered and rejected

6. The broad options that could have been taken are set out and considered within the report.

Background

7. In line with agreements made by the two partners, the scope of the shared services arrangement between Chorley and South Ribble Councils has increased considerably in the last two years. From the longstanding shared financial and assurances services, shared services now includes:
 - Since April 2020: Governance, Transformation and Partnerships and Communications and Visitor Economy
 - Since January 2021: shared Chief Executive and Directors
 - Currently being implemented: ICT and Customer Services
8. Alongside the sharing of staff and services, the councils have adopted shared terms and conditions and a shared HR policy framework for staff within shared services.
9. This current level of sharing represents 47% of the workforce for the two councils.

2019 proposals

10. The proposals agreed by both councils in September 2019 set out a series of principles to guide the creation of shared services:
 - Both councils are committed to continuing to represent the needs, priorities and ambitions of their local residents and communities.
 - Both councils will set individual priorities and set their own budgets.
 - The councils are sharing services to reduce costs and to become more sustainable and resilient.
 - The programme for shared services will be developed and prioritised on the basis of likely return in terms of savings, but also on a basis of the needs of the councils.
 - The shared services will build on the existing shared service governance arrangements, building on what works and improving where lessons have been learnt.
 - Full shared services shall mean developing a single delivery model for service delivery except where this does not meet the needs of each sovereign council. The model for delivering services shall continue to represent the needs, priorities and ambitions of their local residents and communities.
 - The management structures will reflect a full shared service model to enable the delivery and development of shared services.
 - Shared services will be developed and implemented on a phased basis. The next phase, phase 1, shall include as a minimum HR, Legal and Democratic Services. It is likely that Communications, Policy and Transformation services shall also be included in phase 1.
 - Shared services shall be created and then transformed into a standard service delivered to both councils.
11. That report also set out an intention for further phases, with the view being that the next phase would include, as a minimum, ICT and Customer Services.

12. Given that the ICT and Customer Services reviews are underway and due to be completed in the coming months, it is an appropriate time to review the existing shared services and discuss the approach to any further changes or expansion.
13. This report sets out the potential options for further development of the shared services relationship, and potential advantages and disadvantages to each.

Benefits and issues of shared services

14. Set out below is an initial analysis of the benefits and issues related to the shared services. It is a starting point to prompt discussion, based on the performance reports presented to the committee on a regular basis, rather than an exhaustive list.

Benefits	Issues
<ul style="list-style-type: none"> Over £700k of savings across the two councils secured from shared services Ability to share resources quickly between the councils to support business continuity - for example, around HGV drivers Developing support between the councils on areas of technical expertise - for example air quality advice. 	<ul style="list-style-type: none"> Perception of a Chorley takeover in some parts of South Ribble Borough Council Less availability of key officers for Member contact Perception of an impact on service delivery at Chorley Concerns over the capacity of staff in key teams and roles Concerns over the speed of change and the impact this has on staff morale.

15. The report elsewhere on this agenda sets out an update on existing shared services. The individual performance of the two councils continues to be monitored in line with their performance management frameworks, including regular reporting to Executive Cabinets and Overview and Scrutiny Committees. Generally, performance across the two organisations continues to be excellent.

Potential approaches to the future of shared services

16. Set out in the table below are the options for the next steps in shared services. Also included are the broad advantages and disadvantages to each approach.

Stop sharing services	Detail	Withdraw the councils either in part or whole from the shared services arrangement. This could lead to the councils providing services entirely separately, or one council providing some services to the other through an SLA rather than a shared model.
	+	<p>This option remains an option to either council if it feels that shared services is no longer appropriate to its needs in a way that cannot be remedied.</p> <p>Undertaking any withdrawal in a planned manner would be more likely to maintain positive relationships between the partners.</p>
	-	This would be relatively complex to achieve and would cause disruption to staff and potentially service delivery. It is likely that one or both councils would incur some significant costs in created separated

		services or posts.
Pause further expansion	Detail	<p>Either before or after the implementation of shared customer services, the councils could decide to not progress any further expansion of sharing for a period of time.</p> <p>This is an option that has been previously raised by some members of the joint committee.</p>
	+	The advantage of this is that it would allow the councils to adjust to the new shared arrangements without further change. It would provide an opportunity to monitor the ongoing performance of the shared services.
	-	<p>However, there would still be a need for change within the organisations (for example, in services where there are issues with capacity or changing demand).</p> <p>A pause may also lead to perceptions of greater uncertainty around the future relationship between the two councils.</p>
Identify future phases of shared services	Detail	<p>Set out a vision for future shared services and the approach to a further phase. There are a number of approaches that could be taken:</p> <ul style="list-style-type: none"> • Continue with a similar approach to phases one and two – identify a directorate or service to become shared through a review • Focus on areas where one or both councils lack capacity or resilience in services
	+	<p>This would continue to build the relationships between the councils, providing the potential for additional savings and resilience. It also provides a strong signal of the continued commitment of the two councils to shared services.</p> <p>Taking a more focused approach would also provide an opportunity to limit the scope and potential impact of change.</p>
	-	<p>May create continued uncertainty and a feeling of never-ending change within the organisations.</p> <p>If the next phases seek to shared full directorates, it will demand effective leadership from senior management. If a more focussed approach is taken, the levels of savings that can be expected will be lower.</p>
Review and strengthen existing management arrangements	Detail	<p>The shared senior management team of Chief Executive and Directors has been in place since January. The tiers below (of Service Leads and Assistant Directors) is a mix of shared and non-shared roles. The Chief Executive is currently on a fixed-term contract until December 2022.</p> <p>A review could be undertaken examine any issues that currently exist in the management structure and options for any changes. This review could be undertaken with or without expanding shared services.</p>
	+	Provides an opportunity to strengthen the capacity within the management team and ensure that it fit for purpose with the current and any other planned shared services.

	-	May cause disruption in the management and leadership of the organisations. Changing management structure without the services below may continue existing issues around capacity.
Be opportunistic	Detail	Expand shared services as opportunities present themselves with vacant posts, additional work or other pressures.
	+	Expansion of shared services continues but without the anxiety that can be caused by service reviews. Less likely to lead to compulsory redundancies.
	-	Doesn't provide for a planned approach and will be piecemeal. May lead to delays and temporary gaps in services as shared arrangements are put in place. Waiting for people to leave or ask for ERVS may mean that the change in services does not lead to the right people being in place.

Principles and objectives in shared services

17. It is an appropriate time to review and refresh the principles that the two councils agreed in 2019 to guide the development of shared services. The proposed refreshed principles are set out below. They aim to provide continuity with the existing principles, while also recognising the changing context that the two councils work in.

- Both councils are committed to continuing to represent the needs, priorities and ambitions of their local residents and communities.
- Both councils remain sovereign, with separate Leader and other decision-making. Shared services is not a pathway to merging the councils.
- Both councils will set individual priorities and set their own budgets.
- The councils are sharing services to reduce costs and to become more sustainable and resilient.
- Full shared services shall mean developing a single delivery model for service delivery except where this does not meet the needs of each sovereign council. The model for delivering services shall continue to represent the needs, priorities and ambitions of their local residents and communities.
- The management structures will reflect a full shared service model to enable the delivery and development of shared services.
- The councils maintain responsibility for managing their own performance. The shared services joint committee is responsible for ensuring that shared services function effectively in meeting those expectations.
- The councils remain committed to shared services, with the next phase prioritised on the basis of supporting greater resilience in service delivery.

Next steps in shared services

18. The section set out above provides the broad options available for the future of shared services. Based on the previous discussions held at the shared services joint committee through the development of phase one and phase two, it is proposed that the following approach is taken in the next stage of expanding shared services:

- a. **Develop proposals for a further phase of shared services.** This would be based on being on a smaller scale than phases one and two. Rather than a full

directorate, it would be targeted at functions and roles where there is an identified need for change.

- b. **Undertake a review of management capacity across the two councils.** The review would focus on the senior management team and direct line reports. It would consider the impact of shared services and the capacity within the current arrangements to deliver the priorities of the councils.

19. Further detail on the proposed approach is set out below.

Develop proposals for a further phase of shared services

20. The approach adopted within the first two phases of shared services has been to share a full directorate, undertaking reviews that define the shared delivery model and produce longer-term development plans.
21. This brings some significant benefits, particularly around generating savings, but also around the ability to create cohesive change across full functions which considers the service delivery model as a whole. This approach does, however, have some disadvantages. It potentially creates uncertainty for staff during review periods and the wider organisations in terms of how services are delivered.
22. Rather than identifying a full directorate to form the next phase for shared services, it is proposed that the next phase focuses on specific posts or functions where there is an identified need for change.
23. The approach that will be taken is:
 - Work will be undertaken for each council separately to identify the functions or posts where sharing may be beneficial. This may be because of; a lack of capacity; existing temporary arrangements; new priorities; or, a need for specialist capacity.
 - Analysis to highlight areas of common need, or where sharing will support one council to deliver a function while maintaining or improving the performance for the other.
 - Creation of proposals for phase three for discussion and endorsement by the shared services joint committee.

Undertake a review of management capacity across the two councils

24. The councils already shared their Chief Executive, Deputy Chief Executive and Directors. These arrangements have been in place for nearly 12 months. The tier below directors is mixed, with shared and non-shared posts. In addition, the level of the posts is also mixed, with Service Leads/Assistant Directors, service managers and team leaders.
25. There is a potential risk that this mixed approach could lead to challenges in ensuring consistent standards across services, and inconsistent capacity across the councils.
26. The proposed approach to a review of management capacity is:
 - An initial stage will be undertaken separately to assess the current management capacity available to the councils, the strengths, gaps and issues. This will potentially include individual feedback sessions for managers, analysis of service performance, staff satisfaction results and time recording exercises.
 - Analysis of potential functions where sharing may be beneficial
 - Development of proposals for cohesive management structures for the councils, which may be shared or non-shared.

27. If the proposed approach is agreed by the shared services joint committee, the next steps would be to take an update report to the respective council meetings in February to gain approval for the planned approach. Work is being undertaken to prepare for the review, initially focussing on identifying any areas where there is capacity lacking in key areas. If any issues are identified through this work, these will be highlighted in the council reports.

Comments of the Statutory Finance Officer

28. The staffing savings achieved through shared services to date is set out in the monitoring report elsewhere on the agenda to this meeting. The proposals in this report will likely lead to a smaller and more targeted future phase of shared services, which is likely to reduce the potential scale of further savings. This will be considered in the scoping work for the next stage, as well as in the two councils' budget setting processes.

Comments of the Monitoring Officer

29. There are no concerns to raise from a Monitoring Officer perspective. If any changes to working arrangements and structures are ultimately pursued then the councils will have regard to the relevant provisions of the Change policies and all relevant HR policies.

There are no background papers to this report)

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