

Report of	Meeting	Date
Chief Executive	Shared Services Joint Committee	Thursday, 10 February 2022

## Shared Services Future Development updated report

Is this report confidential?	No
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Is this decision key?	No
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Set out below is the draft council report which it is proposed will be presented to the full council meetings in February. The content of the report is substantially the same as the report discussed at the shared services joint committee on 3 February. The differences are:

- Inclusion of the monitoring report and pest control proposals as appendices
- Changed presentation of the proposals for the future development of shared services to provide greater clarity (paragraph 22)
- Inclusion of proposals for additional capacity in key priority areas (paragraph 23 to 40)

### Purpose of the Report

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

### Recommendations to Council

2. That the principles for the shared services relationship with Chorley / South Ribble Borough Council set out at paragraph 21 should be approved.
3. That the approach to the future development of shared services set out at paragraph 22 be approved.
4. To approve the creation of a Strategic Lead (Future Investments) as a shared post.
5. To approve the creation of a Director of Change and Delivery as a shared post.
6. To approve for consultation the creation of a permanent shared arrangement for development projects, with authority delegated to the Leader to approve the final arrangements.

7. To approve for consultation the creation of a shared pest control service, with authority delegated to the Leader to approve the final arrangements.

### **Reasons for recommendations**

8. The recommendations will ensure that the councils have a clear vision for the next steps in the development of their shared services relationship. The additional capacity will ensure that the councils are able to deliver key priorities and services.

### **Other options considered and rejected**

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

### **Executive summary**

10. In September 2019, Chorley Council and South Ribble Borough Council agreed to significantly expand their shared services relationship. This report sets out the broad options for the future development of that relationship and proposes that work should be undertaken to review management capacity for the two councils, as well as defining a targeted phase three. In addition, the report proposes the creation of additional senior capacity to support the councils in delivering their priorities and the creation of shared resources for development projects and pest control.

### **Background to the report**

11. 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
12. 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.
13. This current level of sharing represents 47% of the workforce for the two councils.

### **2019 proposals**

14. The proposals agreed by both councils in September 2019 set out a series of principles to guide the expansion 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.

15. That report also set out an intention for further phases, with the view being that phase two of the expansion would include, as a minimum, ICT and Customer Services.

16. Following the reviews undertaken in customer services and ICT, the Shared Services Joint Committee considered the potential options for the future development of the shared services relationship. This report sets out:

- the broad benefits and issues in the shared services relationship;
- the options for the future development of shared services and the conclusion of the shared services joint committee;
- proposals for the future development of shared services; and,
- proposals for developing additional capacity in key priority areas.

### **Benefits and issues of shared services**

17. The February meeting of the shared services joint committee considered the most recent performance monitoring report. That report is attached as Appendix A, providing an overview of the performance of the existing shared service arrangements.

18. In addition to the performance report set out at Appendix A, the Shared Services Joint Committee considered the broad benefits and issues with the shared services relationship. These are set out in the table below.

<b>Benefits</b>	<b>Issues</b>
<ul style="list-style-type: none"> <li>• Over £1.3m of savings across the two councils secured from shared services</li> <li>• Ability to share resources quickly between the councils to support business continuity - for example, around HGV drivers</li> <li>• Developing support between the councils on areas of technical expertise - for example air quality advice.</li> </ul>	<ul style="list-style-type: none"> <li>• Perception of a Chorley takeover in some parts of South Ribble Borough Council</li> <li>• Less availability of key officers for Member contact</li> <li>• Perception of an adverse impact on service delivery at Chorley</li> <li>• Concerns over the capacity of staff in key teams and roles</li> <li>• Concerns over the speed of change and the impact this has on staff morale.</li> </ul>

### **Options for the future development of shared services**

19. 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.

<b>Stop sharing services</b>	<b>Detail</b>	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.
	<b>+</b>	<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>
	<b>-</b>	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.
<b>Pause further expansion</b>	<b>Detail</b>	<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>
	<b>+</b>	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.
	<b>-</b>	<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>
<b>Identify future phases of shared services</b>	<b>Detail</b>	<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"> <li>• Continue with a similar approach to phases one and two – identify a directorate or service to become shared through a review</li> <li>• Focus on areas where one or both councils lack capacity or resilience in services</li> </ul>
	<b>+</b>	<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>
	<b>-</b>	<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</p>

		approach is taken, the levels of savings that can be expected will be lower.
<b>Review and strengthen existing management arrangements</b>	<b>Detail</b>	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.  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.
	<b>+</b>	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.
	<b>-</b>	May cause disruption in the management and leadership of the organisations. Changing management structure without the services below may continue existing issues around capacity.
<b>Be opportunistic</b>	<b>Detail</b>	Expand shared services as opportunities present themselves with vacant posts, additional work or other pressures.
	<b>+</b>	Expansion of shared services continues but without the anxiety that can be caused by service reviews. Less likely to lead to compulsory redundancies.
	<b>-</b>	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.

### Proposals for the future of shared services

20. This section sets out proposals for the future development of shared services.

#### Refreshed principles guiding shared services

21. 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.

#### Proposals for future development

22. Following consideration of the available options, the shared services joint committee propose that the councils should pursue two workstreams to further develop shared services:

- a. **Undertake a review of management capacity across the two councils.** The councils already share their Chief Executive, Deputy Chief Executive and Directors. These arrangements have been in place for just over 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.

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.

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

The output of this review will be a report that will be presented to the shared services joint committee before being considered by the relevant council committee.

- b. **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 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.

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; the potential for savings or improved staff recruitment and retention.

- 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.

The output of the review will be proposals for a roadmap for future development of shared services, which will be presented to the shared services joint committee for consideration before being considered at relevant individual council meetings.

### **Proposals for developing additional capacity in key priorities**

23. The section above sets out proposals to review current challenges and plan for future development of shared services. There are, however, challenges being faced by the councils that need to be addressed in advance of those reviews being completed. Set out below are proposals for additional capacity in key areas.

#### Future investment and development

24. Both councils continue to be ambitious in seeking to improve their boroughs and the services to residents. Both councils have the potential for significant developments taking place in the coming years that need to be carefully managed to ensure risks are mitigated and the potential benefits realised. This includes:
- The South Ribble Cuerden site linked to the City Deal
  - The large-scale application anticipated for South Ribble at the Cuerdale site
  - A need to identify future development sites within Chorley, including sites that are within and outside the council's ownership.
25. Existing teams, particularly in Planning and Development and Commercial Services will have important roles to play in these pieces of work, but the potential scale and impact of these developments mean that it is important that the councils have additional capacity to manage the work. This will ensure that the councils are well-positioned to ensure that they deliver benefits to the boroughs.
26. In addition, the recently published Levelling Up White Paper also indicates the UK Shared Prosperity Fund will be devolved to local leaders, with most of the fund devolved to and invested by district councils. This means that the councils will need to prepare to make the most of opportunities to attract funding and schemes to their boroughs.
27. It is proposed to create a senior post that will manage the development of future opportunities on behalf of the councils. The post will be responsible for:
- Managing the non-local planning authority relationships and representing the councils with partners and other stakeholders
  - Identifying and evaluating potential land development opportunities for the councils
  - Leading site assembly work and negotiations on behalf of the councils
  - Overseeing work to promote potential sites to developers, including any necessary masterplanning.
28. The post will be the Strategic Lead for Future Investments. It will report directly to the Chief Executive. As a senior post, it will be paid at a spot salary of £75,000. It will be a shared post, with the costs split 50:50 between the councils.
29. If approved, in line with the councils' relevant policies, the post will be advertised initially internally. The recruitment process will be overseen by the shared services appointment panel.

### Organisational change and development

30. Both organisations have gone through significant change in the last two years. The expansion of shared services has been a key catalyst, but change has also come through the pandemic, new uses for technology and new organisational priorities.
31. The councils continue to perform highly, demonstrated through the recent resident satisfaction surveys for both and the delivery of Corporate Strategies. There are, however, challenges that have been highlighted in recent discussions at the shared services joint committee. This includes, for example, staff satisfaction, recruitment and retention of staff, capacity of key officers to manage organisational change.
32. A key challenge in having a shared senior management team is the capacity of directors to manage a demanding agenda while also leading and managing change. Additional capacity is needed to better support organisational change and support the effective working of the senior management team.
33. It is proposed to create a senior post to increase capacity and improve the management of change across the councils. The post would have responsibility for:
- Be a member of the senior management team, supporting the Leaders and Cabinets in developing and delivering agree priorities.
  - Leading the implementation of the shared services development plans
  - Leading the development and implementation of Organisational Development and People Strategies for the councils
  - Development and oversight of the councils' transformation programmes and key change projects
  - Project lead for the development of the economic development strategies
  - Development of shared services phase three
  - Senior lead for corporate strategy, budget investment and key priority delivery programmes
  - Senior lead for Public Service Reform and partnerships
34. The new post will be Director of Change and Delivery. It will report to the Deputy Chief Executive and the salary will be in line with the existing shared directors, starting at £75,000. The cost of the post will be shared 50:50 between the council.
35. If approved, in line with the councils' relevant policies, the post will be advertised initially internally. The recruitment process will be overseen by the shared services appointment panel.

### Capital developments

36. The councils have extensive and ambitious capital developments underway and planned. There are already some temporary sharing arrangements in place, with South Ribble Borough Council making use of internal capacity from Chorley by paying a day rate.
37. Examples of the projects are:

Chorley	South Ribble
<ul style="list-style-type: none"><li>• Whittle GP Surgery</li><li>• Tatton development</li><li>• Strawberry Meadows</li><li>• Bengal Street site development</li></ul>	<ul style="list-style-type: none"><li>• Town Deal</li><li>• Worden Hall</li><li>• Extra Care Facility</li><li>• McKenzie Arms development</li></ul>



38. These arrangements have worked effectively, but there is an opportunity to formalise them. It is proposed that the temporary arrangements should be made permanent. This would encompass:
- Shared Service Lead (Development)
  - Development Manager x 2
  - External client-side project management
  - External specialist support (for example QS)
39. The external resources are associated with individual projects and are budgeted for in those projects.
40. The internal staffing costs will be split on a 50:50 basis. While there are existing postholders working across the two councils through the temporary arrangements, the permanent arrangements will be implemented in line with the councils' Change Policy. This will include consultation with effected staff. Once the consultation is completed, the proposals will be presented for approval via the relevant Executive Member.

#### Pest Control

41. Shared Services Joint Committee have endorsed a proposal to share the councils' pest control service. Chorley Council is currently making use of an external contract to deliver its pest control service, and there is an opportunity to improve the service available to Chorley while also building resilience for both councils by sharing.
42. The full proposal is included as Appendix B.

#### **Climate change and air quality**

43. The work noted in this report does not impact the climate change and sustainability targets of the Council's Green Agenda and all environmental considerations are in place.

#### **Equality and diversity**

44. The proposals within this report do not have a direct impact on equality considerations.

#### **Risk**

45. Risk management is regularly reported to the shared services joint committee, with the latest assessment being included in the monitoring report at Appendix A.

#### **Comments of the Statutory Finance Officer**

46. The staffing savings achieved through shared services to date are set out at Appendix A. 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 budget setting process for both councils.
47. The costs and funding for the specific proposals above, including on-costs for Employers National Insurance and Pension costs) are as follows;

<b>POST</b>	<b>CBC</b>	<b>SRBC</b>	<b>TOTAL</b>
Director of Change and Delivery	48,000	48,000	96,000
<p><b>Funding</b> The costs can be met within the 22/23 budget following receipt of the Final Local Govt Financial Settlement on 7<sup>th</sup> February, which provided an increase in funding compared to Provisional Settlement announced back in December 2021.</p>			
Strategic Lead (Future Investments)	48,000	48,000	96,000
<p><b>Funding</b></p> <ul style="list-style-type: none"> <li>• At CBC - the additional costs would be covered by the revenue budget savings generated through the capitalisation of costs of the Development Projects Team costs as noted below.</li> <li>• At SRBC - the costs can be met within the 22/23 budget following the increase in funding in the Final Settlement referred to above.</li> </ul>			
Shared Development Projects Team			
re: capitalisation of team costs	(87,750)	-	(87,750)
re: impact of shared services revenue costs	(43,750)	43,750	-
<p><b>Funding</b> – It is assumed that moving forward, 50% of the costs of the Shared Development Projects Team will be capitalised and charged against the specific capital schemes that the individual members of the team work on. At CBC, the costs of the team are full charged to revenue and so this would lead to a saving in the existing revenue budget of £87,750. The remaining 50% of costs are assumed to be Revenue costs and would be split 50:50 between the 2 councils. At SRBC - the costs can be met within the 22/23 budget following the increase in funding in the Final Settlement referred to above.</p>			
Shared pest control service	32,700	(2,800)	29,900
<p><b>Funding</b> At CBC the costs can be met within the 22/23 budget following the increase in funding in the Final Settlement referred to above. There is a slight saving in the existing budget at SRBC.</p>			

### Comments of the Monitoring Officer

48. There are no concerns to raise from a Monitoring Officer perspective. The proposals detail how the roles will contribute to how the Councils will deliver best value by prioritising capacity in the highlighted areas and how these roles will contribute to the Councils' outcomes. 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

## Appendices

Appendix A: February monitoring report

Appendix B: Shared pest control proposals

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