

**Decision Maker:** Improvement and Efficiency Sub-Committee

**Date:** 18<sup>th</sup> April 2012

**Decision Type:** Non-Urgent Non-Executive Non-Key

**Title:** SHARED SERVICES UPDATE

**Contact Officer:** Harriet Martyn, Project Manager, Organisational Improvement  
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**Chief Officer:** Doug Patterson, Chief Executive

**Ward:** Borough-wide

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1. Reason for report

To inform Members of the shared services projects that are being progressed and to explain the project delivery arrangements for this work programme in more detail.

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2. **RECOMMENDATION(S)**

- That Members note the progress made to date on shared services project
- That Members comment on changes to improve project delivery of this workstream.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Excellent Council.
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### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Chris Spellman
  4. Total current budget for this head: £328k
  5. Source of funding: Existing revenue budgets
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### Staff

1. Number of staff (current and additional): 5
  2. If from existing staff resources, number of staff hours:
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### Legal

1. Legal Requirement: Non-statutory - Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Dependent on Member Decision Making. Potentially all customers
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### Background

- 3.1 Bexley and Bromley's Chief Executives and another Chief Officer from each Council have been meeting as a Shared Services Board since July 2010. In January 2011, Croydon joined the Board.
- 3.2 The Board's initial remit focused on identifying projects or areas of work that could be shared across 2 or 3 of the boroughs. Initially, a number of these projects stemmed from the South East London Procurement Board which undertook a piece of work on shared contracts.
- 3.3 Since February 2011, the three Leaders and Chief Executives from Bexley, Bromley and Croydon have met on a quarterly basis to review progress and highlight any other areas that they feel should be taken forward and evaluated on a shared service basis.
- 3.4 A shared services conference was hosted in October 2011 involving senior managers, Chief Executives and Cabinet Members from the three boroughs. The aim of the event was to note good progress made so far but more importantly to give senior managers a chance to network and come up with other ideas that could potentially be taken forward on a shared basis. This also ensured that managers below the Chief Executive's Board were engaged in the shared services agenda and understood the value and significance of the work.

#### Priority projects

- 3.5 The list of shared services projects that are in the 'scoping' stage has become quite extensive therefore the Chief Executives' Shared Services Board has focused its remit on the 4-5 priority areas that appear to have the most potential for progressing as a shared service and therefore require more resource put into ensuring their scoping and delivery.
- 3.6 It is proposed that **Regulatory services** be shared between Croydon, Bexley and Bromley. The agreed proposal would involve a shared provider unit, physically based in Bromley with three client units in each borough, commissioning services as their local need dictates. The shared service will initially deliver a minimum of 20% savings in combined management cost with the potential for 15-20% of total service cost in the longer term. This progress of this project is the subject of a fuller update within the Organisational Improvement Programme update report.
- 3.7 **Property services:** The asset management and facilities management aspects of Property Services in Bexley and Bromley are proposed to be shared. A shared management structure across Bexley and Bromley is being drawn up and detailed work looking at current spend across each element of the service will be undertaken in order to propose and agree an informed savings target. Croydon has outsourced many of its Property functions and these contracts are not due to expire until 2016. Any shared service between Bromley and Bexley will therefore be developed with an opportunity for Croydon to join at a later date.
- 3.8 **Shared transport:** Using Capital Ambition funding, People Too consultancy have been engaged to scope out the benefits of a shared passenger transport service across the three boroughs, after their success working with the West London Alliance on a similar project. Initial scoping work suggests that there are greater opportunities for achieving savings through a shared approach in adults and children's transport services as opposed to fleet services. Savings are likely to be achieved through staff savings, hosting a single platform to schedule route planning and a joint re-letting of the contract. At their meeting on 13 April, the Chief Executives are asking the three Leaders for their endorsement to commission further work which would include a detailed business case and agreed savings, followed by

implementation. Bexley and Bromley have a more similar transport operation at present. Croydon are likely to undertake a separate piece of work initially to achieve internal efficiencies in their service before looking to collaborate with Bexley and Bromley.

- 3.9 **Parking services:** Bexley and Bromley have met to scope out which areas of the parking service could be delivered more efficiently through being shared. Initial analysis suggests that a shared parking provider could be set up between the two boroughs, contracting jointly for parking services and goods. Both boroughs currently use the same IT system and these could be aligned to enable joint enforcement contract for processing PCNs. A joint tender for a shared IT solution is proposed to be conducted in May 2012 with implementation in both boroughs to be achieved by March 2013. The tender will be an open framework agreement, allowing to Croydon to join at a later date, once they have resolved some internal issues in their service. As a result of the proposed shared back-office services, it is expected that the management structure across both boroughs can be rationalised with only one Head of Service needed.
- 3.10 **Parks:** Although this project is in its early stages, initial work carried out between the three boroughs suggests that there are efficiencies to be made through joint procurement of contracts and potentially a shared staffing structure. The project leads are currently undertaking a soft market testing exercise to evaluate the potential savings as well as drawing up a draft shared staffing structure which they will report back on in June.

### **Capacity for project delivery**

- 3.11 Project leads within the relevant service areas are progressing these prioritised shared service projects with the Chief Executives Shared Service Board monitoring progress on a 6-8 weekly basis.
- 3.12 Experience to date shows that at a certain point in the project planning process, service managers no longer become the best person to lead that project as they are effectively 'turkeys voting for Christmas'; especially when a significant proportion of efficiency savings gained from shared services are through rationalised staffing and management structures.
- 3.13 One option to overcome this issue is to assign a Director to each of the priority shared service projects, either within their own borough or in one of the other two boroughs to 'unblock' any hurdles encountered along the way and ensure that momentum is maintained. This proposal is being taken to the Leaders' shared services meeting on 13 April for further discussion.
- 3.14 In addition, Bexley and Croydon have both agreed to provide corporate project resource to ensure that the pace of priority projects is maintained and any problems are resolved in a timely manner.
- 3.15 An immediate workstream that will be picked up by this group is to coordinate the development of a standardised back office methodology. To date as Shared Service projects have progressed, each workstream has sought the advice of colleagues from support services such as finance, HR, legal and IT in order to answer questions that will be relevant to a greater or lesser extent in every project.
- 3.16 The joint working group will be tasked with developing as far as possible standardised advice for those working on shared service projects in the future: For example:
- How will savings & costs be attributed?
  - Who will pay for redundancies?

- Will staff be TUPE'd or seconded?
- Will terms and conditions need to change?
- Will budgets be pooled and who will monitor them?
- How will staff access their 'home' IT system if based elsewhere?
- What is the Member approval process to establish a shared service?

3.17 It is hoped that by consolidating the answers to as many of these generic questions as possible it will expedite shared service projects generally.

3.18 A briefing paper will be presented to the Leaders' Board on 13<sup>th</sup> April exploring a range of issues and strategies from successful (and unsuccessful) shared service projects elsewhere which it is hoped will also assist Members and Officers in progressing both current and future shared working.

3.19 Members of the I&E Sub-Committee will be routinely updated on the progress of the shared services agenda along with the other issues raised in the 'Moving Towards Our Corporate Operating Principles' report on this agenda.

#### **4 Policy Implications**

4.1 The shared services workstream supports the Excellent Council objective of Building a Better Bromley and cuts across all Portfolio priorities.

#### **5 Financial Implications**

5.1 None directly arising from this report.

#### **6 Legal Implications**

6.1 Member decision making in relation to significant service alteration may give rise to the risk of legal challenge. Where service delivery models are to be changed, issues including TUPE will be relevant.

#### **7 Personnel Implications**

7.1 Shared services projects will have personnel implications on all staff impacted as we continue to move towards a smaller more agile workforce.