

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	19 March 2015
<b>Subject:</b>	Shared Services Developments
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Tom Whiting, Corporate Director of Resources
<b>Portfolio Holder:</b>	Graham Henson, Portfolio Holder for Performance, Corporate Resources and Policy Development
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	None

## Summary and Recommendations

This report sets out developments in the relationship with Buckinghamshire County Council and asks Cabinet to support two specific initiatives.

### Recommendations:

Cabinet is requested to:  
Welcome the opportunities which a closer relationship with Buckinghamshire County Council might offer, and

Delegate to the Corporate Director of Resources, following consultation with Portfolio Holder for Performance, Corporate Resources and Policy Development and Portfolio Holder for Finance and Major Contracts, authority to execute agreements with Buckinghamshire County Council to give effect to the initiatives detailed in the report.

**Reason:** To allow Harrow to enjoy the extra capacity and resilience which the initiatives can deliver.

## Background

On the 15<sup>th</sup> January 2014 Cabinet received a report on Project Minerva, which set out, analysed and evaluated the options for achieving cost reductions within the Resources Directorate revenue budgets for 2015/16 onwards including: internal transformation (including re-specification of services); sharing services (with another local authority); and outsourcing (to a private sector company).

Cabinet resolved to:

- authorise the Corporate Director of Resources to continue exploring the potential for a shared service arrangement with suitable partners; and
- approve the launch of a two-year cost reduction programme aimed at achieving a savings target of 17% (i.e. £2.0m per annum) identified from the options analysis (*which included re-specifying Human Resources and Organisational Development*).

Primary research for Project Minerva involved approaching 22 London Local Authorities to discuss their current back-office service arrangements and to enquire as to whether they would consider sharing services with Harrow Council. However, this indicated that there was no appetite amongst the Local Authorities contacted within London to share services with Harrow Council.

Local Authority shared service providers outside of London were approached but there was no desire from the providers contacted to provide services to London boroughs. Hertfordshire, Buckinghamshire, Surrey and Hampshire County Councils were also approached and of these Buckinghamshire, Surrey and Hampshire County Councils met with officers to discuss the potential for sharing services. Surrey and Hampshire later withdrew but Buckinghamshire County Council ('BCC') has continued to work with officers to progress shared services specifically Organisational Development (OD) and Legal Services.

Experience elsewhere suggests that sharing services across authorities could deliver the following benefits:

- A greater range and depth of expertise;
- Greater capacity from similar resources;
- More flexibility in response to Council demands;
- Reduced cost;

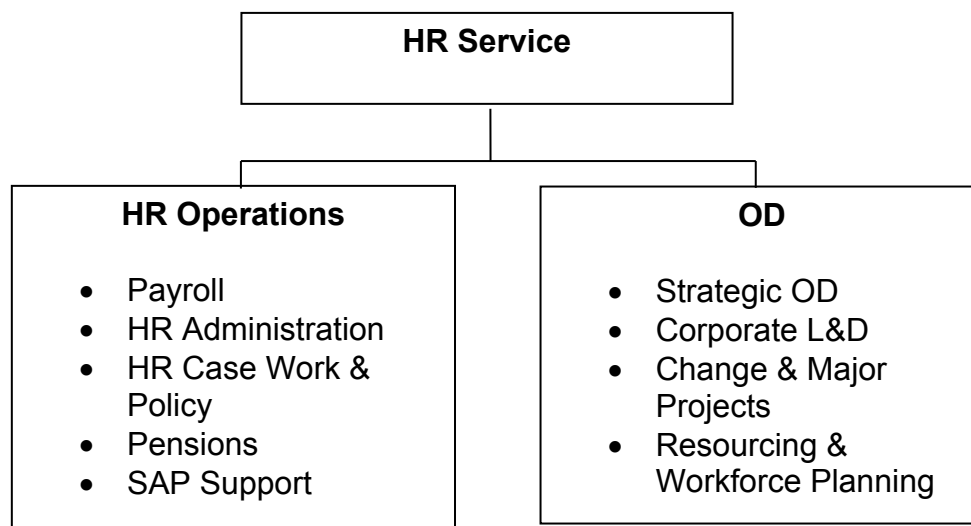
- Improved career opportunities for staff;
- Reduced reliance on private sector advice;
- Improved ability to recruit and retain the best staff; and
- Greater resilience.

## Recent Developments

### Organisational Development

Following the January 2014 Cabinet decision a project to transform the Council's HR Service commenced, which included a critical review of the existing function, undertaken by the Chartered Institute of Personnel and Development (CIPD) and Institute of Employment Studies (IES). The CIPD & IES reported their findings in May 2014 and recommended that a new HR Service be based around a redesigned HR Operations function and OD function – see Fig 1 below:

Fig 1



The project aims to implement the recommendations set out in the CIPD & IES report, including the new HR Service structure and deliver savings of £494k in 2015/16.

Consultation on proposals for the new HR Service commenced with HR staff and the trade unions in October 2014. During consultation, it became clear that the post of Head of OD would not be filled. Simultaneously, wider discussions with BCC on options for shared services identified the opportunity to create a shared Head of OD post with BCC

Following consultation on the new HR Service structure the process to fill the posts in the new structure was completed and the remaining OD posts were unfilled. In discussion with BCC it was agreed to develop a proposal for a shared service arrangement to include a shared Head of OD and provision of the full OD shared service.

### Legal Services

BCC's legal team has followed a similar path to Harrow's, and currently they are the only 2 Councils in the country with Alternative Business Structure ('ABS') licences. BCC's Head of Legal Services retires in March, which offers

the opportunity to share a lead officer. It is proposed that the Director of Legal & Governance Services be made available to BCC to also manage its legal function (but not undertake Monitoring Officer responsibilities), and to lead the development of a business case for closer integration of the 2 practices. If the business case shows benefits to Harrow, it will be referred to a future meeting of Cabinet.

### **Governance and Service Arrangements**

The governance and service arrangements for the 2 proposals will be set out in Inter Authority Agreements (IAA), which will delegate authority to BCC to deliver the OD Service to Harrow, and effect the part time secondment of the Director of Legal & Governance Services to BCC.

Those IAAs are currently being developed and will be in place before the proposals go live in April 2015.

### **Benefits**

#### Organisational Development

The principle benefit of entering into a shared OD service arrangement is the additional capacity that this will provide. The OD function relies on specialist professional HR and OD practitioners to provide strategic advice and support to the Council; this is of critical importance given the significant changes that the Council currently needs to make. By entering into a shared service both local authorities are able to benefit from a larger pool of resource and are better able to flex that resource to meet organisational requirements and optimise the use of the specialist professionals.

The proposed shared service will also will also facilitate delivery of the savings built in to the MTFS for 2015/16.

#### Legal Services

BCC will pay Harrow for the services of the Director of Legal and Governance Services and the planned business case will articulate any further future benefits to Harrow.

### **Staffing**

#### Organisational Development

The completed process to fill the posts in the new structure resulted in the OD posts being unfilled. As a consequence there are no direct staff implications e.g. Harrow staff secondments or transfers to be considered and the vacant OD posts will be deleted on implementation of the shared service.

Staff in the shared OD service will be employees of BCC and subject to their term and conditions of employment.

#### Legal Services

The part time secondment of the Director of Legal and Governance Services will be effected through the agreement noted above. The Director will remain an employee of Harrow Council on its terms and conditions of employment. The Director will continue to act as Monitoring Officer etc for Harrow, but will not undertake those functions for BCC.

Given the Director will spend less time on Harrow matters, deputising and cover arrangements have been put in place, the operation of which will be subject to review to ensure Harrow's governance is not affected.

## **Implications of the Recommendation**

### **Resources, costs**

As host authority BCC will be liable for the staffing, infrastructure and support costs of the OD service, which will be recovered from Harrow.

### **Performance Issues**

The proposed agreements will include detailed provisions to ensure a quality and timely service is provided.

### **Environmental Implications**

Both Harrow and BCC operate a flexible working model to minimise staff travel, and hence the impact of their operation on the environment. This will be supported in the proposed agreements, through eg the provision of hot desks.

### **Risk Management Implications**

These will be dealt with in accordance with provisions in the agreements governing the 2 schemes.

### **Legal Implications**

Under section 101 Local Government Act 1972 Harrow can arrange for the discharge of its functions by another local authority.

There is a legal basis for the sale and purchase of legal services between local authorities using Section 1 of the Local Authority (Goods and Services) Act 1970.

### **Financial Implications**

The proposed OD arrangements will enable Harrow to access greater capacity within the reduced budget, and the legal services proposal to explore the business case for closer integration.

Implementation of the new HR Service will deliver MTFS savings of £494k in 2015/16. The full year cost of the shared OD service will be in the region of £230k and this will be funded from within the new HR Service budget. The shared service agreement will include sufficient flexibility to deal with variations in future demand.

BCC will pay Harrow two fifths of the on-costed salary of the Director of Legal and Governance plus travel etc during their secondment.

### **Equalities Implications**

There are no equalities implications arising directly out of the recommendation, but as the project is implemented, a full equalities impact assessment will be undertaken to ensure awareness and mitigation of any adverse impacts.

## Council Priorities

The Council wants to be a modern, efficient Council, able to meet the challenges ahead. It aims to protect frontline services by delivering support functions in the most cost effective way, including collaborating with other boroughs on shared services and procurement opportunities.

The recommendation supports the Corporate Plan 2015-2019 – Work with our partners and other councils to explore further opportunities for integrated and shared services.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 9 March 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 19 February 2015		

<b>Ward Councillors notified:</b>	<b>No</b> , as it impacts on all Wards
<b>EqIA carried out:</b>	<b>No</b> , see Equality Implications above
<b>EqIA cleared by:</b>	<b>N/A</b>

## Section 4 - Contact Details and Background Papers

**Contact:** Jon Turner, Divisional Director of HR and Development and Shared Services, 0208 424 1225 jon.turner@harrow.gov.uk & Hugh Peart, Director of Legal & Governance Services, 0208 424 1287, hugh.peart@harrow.gov.uk

## Background Papers:

15 January 2014 Cabinet Report on Project Minerva

<http://www.harrow.gov.uk/www2/documents/g61435/Public%20reports%20pack%20Wednesday%2015-Jan-2014%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*