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| 1. | SUBJECT | SCRUTINY REVIEW ON SHARED SERVICES – Scope |
| 2. | COMMITTEE | Overview & Scrutiny |
| 3. | MEMBERSHIP | <p>Councillor Honey Jamie (Co-Chair, Scrutiny Lead Member for Resources)</p> <p>Councillor Kantilal Rabadia (Co-Chair, Scrutiny Lead Member for Resources)</p> <p>Councillor Richard Almond</p> <p>Councillor Jeff Anderson</p> <p>Councillor Marilyn Ashton</p> <p>Councillor Maxine Henson</p> <p>Councillor Kairul Marikar</p> <p>Councillor Anjana Patel</p> |
| 4. | AIMS/ OBJECTIVES/ OUTCOMES | <p>Aim:</p> <ul style="list-style-type: none"> The purpose of the review is to better understand and influence how Shared Services can be a part of the Council’s future commissioning decisions, to deliver better outcomes for residents as well as making efficiencies for the Council. <p>Objectives:</p> <ul style="list-style-type: none"> To understand what a shared service is and the protocol the Council follows to enter into a shared service; how this can be improved in terms of the criteria including financial, risk management, quality of service and efficiency. To understand the history of Harrow’s shared services and the lessons learnt, especially with regards to efficiency savings for the Council. Use the intel and lessons learnt to guide future shared service ventures. To research and understand best practice, lessons learnt on sharing services and how these can be adopted and implemented at Harrow Council. |
| 5. | MEASURES OF SUCCESS OF REVIEW | <ul style="list-style-type: none"> Development of a protocol/checklist to be completed as part of future shared service agreement process Future shared services contribute to Council savings and transformation of services |
| 6. | SCOPE | <p>The following council policies/strategies will be in the scope of the review:</p> <ul style="list-style-type: none"> Harrow Ambition Plan Transformation Programme Procurement Strategy |

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| | | <p>Evidence sources for the literature review will include:</p> <ul style="list-style-type: none"> • National research and briefings • Benchmarking from neighbouring boroughs • Harrow Council case studies of shared services (HB Law, HR Bucks Service, Trading Standards Service, Procurement and Special Needs Transport) <p>Witnesses will include:</p> <ul style="list-style-type: none"> • Council officers and portfolio holders responsible for the relevant services |
| 7. | SERVICE PRIORITIES | <p>Choose from the following:</p> <ul style="list-style-type: none"> • Building a Better Harrow • Supporting Those Most in Need • Protecting Vital Public Services • Delivering a Strong local Economy for All • Modernising Harrow Council |
| 8. | REVIEW SPONSOR | Charlie Stewart – Corporate Director of Resources |
| 9. | ACCOUNTABLE MANAGER | Mark Gwynne, Interim Head of Policy |
| 10. | SUPPORT OFFICER(S) | Charlie Stewart – Corporate Director of Resources Nimesh Mehta – Head of Procurement |
| 11. | ADMINISTRATIVE SUPPORT | Mohammed Ilyas, Policy Team |
| 12. | EXTERNAL INPUT | The Review Group will see the input from officers, services and portfolio holders. |
| 13. | METHODOLOGY | <ul style="list-style-type: none"> • Literature review • Challenge panel(s) |
| 14. | EQUALITY IMPLICATIONS | The Review Group will consider, during the course of its work, how equality implications have been taken into account in current policy and practice and consider the possible implications of any changes it recommends. In undertaking the Challenge Panels, members and officers will consider their practices and how they can ensure all relevant stakeholders in the borough to have their voices heard. |
| 15. | ASSUMPTIONS/ CONSTRAINTS | |
| 16. | SECTION 17 IMPLICATIONS | N/A |
| 17. | TIMESCALE | <p>To conclude by the end of the 2019/20 municipal year.</p> <p>Indicative timetable:</p> <ul style="list-style-type: none"> • Desktop research – August/September 2019 • Agree and sign off Scope at O&S – 16th September 2019 (Report Deadline 4th Sept 2019) • Challenge panel(s) – October 2019 |

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| | | <ul style="list-style-type: none"> • Drafting of final report – by November 2019 • Review Group members finalise report and recommendations – by end of November 2019 • Report and recommendations presented to O&S for endorsement – 11th February 2020 (Report Deadline 29th Jan 2020) • Final report to Cabinet – 21st Feb 2020 |
| 18. | RESOURCE COMMITMENTS | The Policy Team will provide a briefing and administrative support to the Review Group. The Policy Team will report recommendations to O&S; officers from the appropriate Service Area(s)- will provide a response to Cabinet and take forward any recommendations agreed by Cabinet. |
| 19. | REPORT AUTHOR | Mohammed Ilyas, Policy Officer |
| 20. | REPORTING ARRANGEMENTS | <p>Outline of formal reporting process:</p> <ul style="list-style-type: none"> • The relevant Divisional Director(s) and Portfolio Holder(s) will be consulted in the drafting of the final report and recommendations • Report to Overview and Scrutiny Committee • Report referred to Cabinet • Officer response to Cabinet |
| | FOLLOW UP ARRANGEMENTS (proposals) | It is anticipated that Cabinet would consider any recommendations made (alongside the officers' response) at the Cabinet meeting in [insert month], and responded to in [insert month]. |

Background

This is taken from scrutiny research paper on key strategic issues for scrutiny work programme 2018-22:

The economic climate and growing pressures on public services have had a marked impact on attitudes to service transformation. CIPFA reports that 63% of senior local government executives now strongly agree the front-line will suffer if authorities do not radically change how they structure and deliver their core functions. This is manifest in figures collated by the LGA, which shows local government is leading the public sector in implementing shared services. At least 98% of councils across the country currently share services with other councils, amounting to savings of £657m across 486 shared services to date (April 2018). As well as sharing with other local authorities, there are examples of councils sharing with other public sector agencies, private sector bodies and with community and voluntary sector organisations. These arrangements can bring financial benefits to councils through the reduction of duplication, and improve customer services.

Harrow Council already shares some services. HB Public Law was established in 2012 on the merging of Harrow and Barnet's legal teams, which has allowed both councils to enjoy improved services at a reduced cost. It has since expanded and is now one of the leading public sector legal practices in the UK providing legal expertise to local authorities, schools, academies, housing organisations and others in

the public and not-for-profit sectors. Harrow has also partnered with Buckingham County Council to deliver HR shared services. Conversely, Harrow has also been through a disaggregation of shared services, for example with public health (formerly shared with LB Barnet) and procurement (formerly shared with LB Brent).

When thinking about sharing services, the LGA recommends that councils consider what benefits sharing will bring to the service, and if sharing is the best way to achieve those benefits. In the current financial climate, the primary rationale for sharing in many cases is the opportunity to achieve economies of scale. There are differing views on whether such benefits are achievable. Some commentators disagree that sharing services to increase the volume of activity will bring economies of scale. They argue that a common result of higher-volume processing is an increase in the number of errors which then create additional work in resolving them. Other approaches to process improvement argue that economies can better be achieved by improving the flow of work rather than increasing the quantity of it. For example, eradicating unproductive activities in the processing of revenues and benefits claims will lead to shorter processing times and enable additional work to be taken on without additional cost. In a number of cases, the move to shared services has occurred in tandem with efforts to re-engineer business processes and transform service delivery.

While the move to shared services presents an opportunity to redesign services and implement new, more cost-effective ways of working, there may be some work that councils need to do ahead of the change, for example to align policies or work practices, or to move to common IT platforms. Councils also need to consider whether there are any existing contracts relating to a service that would prevent them from moving to a shared service arrangement until a specific date.

Some of the most commonly cited barriers to sharing are cultural or behavioural. These can include political concerns over losing sovereignty and control over council services. Many of these cultural issues depend on the maturity of the partnership. They can be overcome where there is strong and effective leadership which builds political support across the organisations and attention to cultural change to bring staff on board.

In 2008 the Office of Government Commerce published lessons learned from more than 20 Gateway Reviews of shared services programmes and projects. These were: 1. Develop a sound business case to support the decision and keep this under regular review. 2. Develop a realistic benefits realisation plan with unequivocal buy-in from the stakeholders. 3. Ensure the organisation has the capacity, capability and resources to deliver the shared services solution. Timescales also need to be realistic. 4. Ensure stakeholder buy-in is obtained from the outset and sustained throughout the development and implementation of the shared services solution. 5. Develop service level agreements which are practical and realistic. 6. Develop sound migration and transition plans – including data migration and cleansing. 7. Anticipate and manage staff sensitivities through effective communication. 8. Develop a contingency plan as part of the wider risk management strategy.

Lessons from shared services in other local authorities include:

- political drive to implement shared arrangements is essential to overcome issues such as individual councils appearing to lose their political sovereignty. It is a definite advantage when both councils have the same political party in power.
- Have an 'exit strategy' as part of the formal agreement between partners. For example, although North and North East Lincolnshire have a shared procurement arrangement, each continues to employ half of the staff making it easy for them to revert to their previous separate teams if things did not work out.
- The process takes time. The development of shared services can take three years to work through the legal and financial implications of the establishment of a jointly owned shared service company.
- Visit other sites to discuss their experience and to understand the problems other councils have had.

Each council will need to decide its own strategy, direction and destination for shared services and management. These will not be the same. To be a provider or commissioner of services, to adopt incremental or transformational change, to share a wide range of services or a few – all are valid approaches. Resources are available to local authorities who wish to pursue options for sharing services.

The LGA have produced an interactive map detailing shared services examples from councils across England. It indicates who is sharing what and the savings and benefits achieved or expected. They have also launched a shared services match making service to provide assistance to support councils who wish to share services and / or management teams with other councils. They could help Harrow connect with other councils wishing to start a new shared service and / or assist in enlarging existing arrangements. The offer includes access to funding for a dedicated shared service expert and / or paid for external mediation advice and support.