

LOCAL GOVERNMENT SHARED SERVICES

To: **Cabinet**

Date: **15th December 2009**

From: **Corporate Director: Finance, Property and Performance**

Electoral division(s): **ALL**

Forward Plan ref: **2009 / 011** *Key decision:* **No**

Purpose: **To provide the Cabinet with an update in respect of the Local Government Shared Services Programme and an overview of related initiatives and issues prior to formal consideration of the future direction for the Local Government Shared Services Programme in early 2010.**

Recommendation: **That Cabinet considers the progress made with the Local Government Shared Services Programme to date and notes the related activities that may influence or impact upon the future direction of this Programme.**

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1.0 INTRODUCTION

- 1.1 Cambridgeshire County Council has previously committed itself to the development of Local Government Shared Services (LGSS) in partnership with Northamptonshire County Council and Slough Borough Council. This programme has previously received Cabinet approval to specifically focus upon transactional activities within the Corporate functions of the authority, such as invoice processing and payroll and associated activities that are delivered through the Oracle E-Business Suite.
- 1.2 Whilst the Local Government Shared Services Programme has made progress, the context within which the programme operates has been changing significantly, not least with the changes to the economic and financial position for public authorities, the recent publication by Government of 'Putting the Frontline First: Smarter Government' and, at a more local level, the potential implications and opportunities arising from the 'Making Cambridgeshire Count' Project.

2.0 BACKGROUND

- 2.1 Cambridgeshire County Council has been engaged with Northamptonshire County Council and more recently Slough Borough Council to progress the development of shared corporate support services and functions. This programme has been primarily focussed upon the sharing of transactional or process based activities that each Council needs to operate a range of 'back office' functions and activities, predominantly those which are delivered via the integrated Oracle E-Business Suite. To date, the programme has delivered benefits to Cambridgeshire County Council by enabling the authority to enhance and upgrade elements of the E-Business Suite, as well as generating savings in respect of the formal contractual arrangements with the external supplier of the technology concerned.
- 2.2 Since these initial achievements, the LGSS programme has been actively working to develop a formal target operating model which would enable the three authorities to further integrate these functions and activities to create greater efficiency gains and savings, whilst maximising the capacity to deliver these functions by bringing them into a single operating arrangement. The potential scope of LGSS has widened to include a number of professional support services. An Outline Business Case, developed by the three Councils working with Deloitte, is nearing completion and will underpin the consideration of the scope, future direction and ambition that the County Council has for developing the LGSS programme. This will form the basis of a report to Cabinet in early 2010.

3.0 PUTTING THE FRONTLINE FIRST: SMARTER GOVERNMENT

3.1 Launched on 7th December 2009, by the Prime Minister, the Putting the Frontline First: Smarter Government programme is specifically intended to focus upon the following three key actions:

- Strengthen the role of citizens and civic society
- Recast the relationship between the centre and the frontline.
- Streamline central government for sharper delivery.

3.2 A forward plan to make progress against these three action areas has been developed at a high level by the Government, but there may well be implications arising from this approach that would ultimately impact upon Local Government Shared Services. Additionally, some of the key commitments made within the launch of this programme have policy implications and considerations for the development of shared services, whether through the LGSS Programme or Making Cambridgeshire Count. The plans of the Government include the following actions, which Cabinet are advised to consider in view of the future direction for LGSS and any issues/recommendations arising from Making Cambridgeshire Count, as well as the County Council's future transformation activities, as articulated through the Integrated Planning Process:

- Streamlining the Senior Civil Service to save £100 million a year and putting in place radical reforms to senior pay across the wider public sector.
- Merging or abolishing arm's-length bodies, integrating back office functions and selling off government assets.
- Reducing spend on consultancy by 50% and marketing and communications by 25%, saving £650 million.
- Empowering citizens by the increasing use of online service delivery and by reducing face to face contact will result in over £600 million new savings. The Digital Britain Roadmap, to be produced by the end of 2010, will focus on transition plans for key services such as student loans, Jobseekers' Allowance and Child Tax Credits to go online. By Budget 2010 there will be a timetable for an online Child Benefit service.
- Rolling out nationally "Tell Us Once", which will reduce the number of agencies citizens have to contact in the case of a birth from 2 to 1, and in the case of a death from 7 to 1.

- Harnessing the power of comparative data to improve standards, publishing public services performance data online by 2011, starting in 2010 with more detailed data on crime patterns, costs of hospital procedures and parts of the national pupil database.
 - Reviewing anti-fraud work across government to ensure that data analysis techniques become embedded in standard processes.
 - Reducing red tape on frontline services and improving flexibility, for example by reducing the number of ring-fenced budgets.
 - Giving people guarantees over the standard of core public services and at the same time encouraging greater personal responsibility.
- 3.3 Given the issues and areas being planned in respect of central government efficiencies and savings, Cabinet is advised to give due consideration to these factors when considering the scope and scale of any proposed efficiencies arising from the LGSS programme.

4.0 MAKING CAMBRIDGESHIRE COUNT

- 4.1 As one of the key organisations involved in the Cambridgeshire Together Partnership, Cambridgeshire County Council has been actively involved in the shaping and delivery of the Making Cambridgeshire Count initiative. Given that Making Cambridgeshire Count is explicitly focussing upon opportunities to better utilise public resources in more efficient ways than Shared Services, particularly for 'back office' functions such as Finance, Human Resources (HR) and Internal Audit, and the sharing of services across the public agencies within the county is considered an area that could be progressed arising from this initiative.
- 4.2 Given the interdependencies between the potential outputs from the Making Cambridgeshire Count initiative and the LGSS programme, Cabinet is advised to consider the relative merits of these opportunities and the likelihood of securing efficiencies and savings through either route, accepting that the scope and scale for shared services within Cambridgeshire would need to deliver comparable benefits to the LGSS programme to make this a worthwhile option.
- 4.3 It should be noted that there are currently no firm shared services proposals within Making Cambridgeshire Count. Secondly, the LGSS proposal and the ideas investigated as part of Making Cambridgeshire Count are not necessarily mutually exclusive.

5.0 SHARED SERVICES PROGRAMME – FUTURE CONSIDERATIONS

- 5.1 It is clear from Government Policy, the development of Making Cambridgeshire Count and the LGSS Programme that shared 'back office' services does present Cambridgeshire County Council with the

opportunity to rationalise and streamline its current support arrangements. Further, appreciating the financial challenges faced by all parts of the public sector, that shared services, in whatever form, will be an absolute requirement for the County Council in the future.

5.2 However, the ability to achieve major financial benefits for Cambridgeshire and the County Council hinges upon some key issues:

- Whether the County Council determines to share both professional/advisory corporate functions, as well as transactional/process based activities;
- Whether the opportunities presented by LGSS and Making Cambridgeshire Count in respect of 'back office' functional sharing can be delivered within the capacity available to the County Council;
- Whether LGSS and Making Cambridgeshire Count are mutually exclusive.

5.3 This report outlines these issues for Cabinet consideration and in recognition of changing economic circumstances and Government Policy.

6.0 RESOURCES AND PERFORMANCE

6.1 There are no formal resource and performance implications arising from the specific content of this report.

7.0 STATUTORY DUTIES & PARTNERSHIP WORKING

7.1 There is no direct legislation or legal requirements that need to be adhered to for this report. The partnership working elements are fully articulated in reference to Making Cambridgeshire Count and the LGSS Programme.

8.0 CLIMATE CHANGE

8.1 There are no direct climate change implications arising from this report.

9.0 ACCESS & INCLUSION

9.1 There are no significant issues arising from this report in relation to access & inclusion.

10.0 ENGAGEMENT & CONSULTATION

10.1 No public engagement or consultation is required for the purpose of this report.

Source Documents	Link
None	