MEMBER LED REVIEW – LOCAL GOVERNMENT SHARED SERVICES BUSINESS CASE

To:	Cabinet
Date:	5 July 2010
From:	Corporate Services Scrutiny Review Group
Electoral division(s):	All
Forward Plan ref:	N/A *Key decision:* No
Purpose:	**To present the findings and recommendations from a Member Led Review of the business case for the establishment of the Local Government Shared Services Partnership.**
Recommendation:	**That Cabinet:**

1   Consider the review groups' findings in relation to the Detailed Business Case

2   Support the recommendations set out in the report.

	Officer contact:			Member contact
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1. BACKGROUND

1.1 The Corporate Services Scrutiny Committee has kept a watching brief on the Shared Services Programme since its inception, in recognition of its potential to deliver significant 'back office' savings to the Council. The Committee has scrutinised developments nine times in public meetings since 2007 and also formed a small group to keep informed of progress in between the public meetings.

1.2 The Scrutiny Committee recognised that both Cambridgeshire County Council (CCC) and Northamptonshire County Council (NCC) were nearing a critical decision point following Cabinet endorsement of the Local Government Shared Services (LGSS) Outline Business Case in March 2010. It was therefore decided at the meeting on the 29th April to convene a sub group to look at the proposals in detail so that their findings could help inform decision making by the Cabinet and full Council. It was further agreed that the review should be conducted jointly with Scrutiny Members from Northamptonshire County Council to avoid duplication and to increase the credibility and value of the recommendations to decision makers.

1.3 The following Councillors participated in the review:

- Nick Clarke (Chairman)
- Dudley Hughes
- Phil Larratt (Stan Heggs substituted for one meeting)
- Dennis Meredith
- Mathew Shuter
- Michael Williamson

1.4 The review group are grateful to all those who contributed to this review, listed in Appendix A.

2. SCOPE OF THE REVIEW

2.1 The Corporate Services Scrutiny Committee agreed terms of reference for the review (see Appendix B) at their meeting on the 29th April. However, the focus of the groups' attention necessarily altered following sight of an early version of the Detailed Business Case in mid May. Given the requirement to reach their conclusions prior to formal decision making by both Councils in July, the review group focussed on the following issues:

- *Vision* **-** The reasoning behind developing a formal partnership
- *Governance* - The adequacy of decision making, accountability, performance management and exit arrangements
- *Scope* - The rationale for including the 'in scope' services within the remit of the LGSS Programme, and for those services that are excluded
- *Costs / Savings Projections* - The feasibility of achieving the projected costs and savings

- *Customer Engagement* – The extent to which LGSS will meet the expectations of customers and how LGSS principles, such as self service, will be implemented in practice

2.2   It should be stressed that the group were undertaking a strategic review and did not have time to delve into the specific detail behind the proposals for each in scope service. The remainder of this report focuses on their principal findings under each of the headings listed in section 2.1.

3.   VISION

3.1   From the outset, Members recognised that the national deficit is placing increasing pressure on the public sector to deliver more for less, and recent announcements from the Communities and Local Government Department (CLG) confirmed this view.

3.2   It is therefore clear to Members that CCC and NCC will need to revise their current approaches so that frontline, priority, services can be protected from cuts, wherever possible. This will require consideration of innovative, transformational changes as incremental amendments to established systems and processes will not be sufficient. The review group therefore started from the premise that the LGSS proposals must be sufficiently transformational to warrant the time and effort required to implement the changes.

3.3   The vision for the LGSS proposals is provided in full in the Detailed Business Case (DBC) so the arguments are not reiterated here. However, the review group are fully supportive of the principal vision to share support or 'back office' services between CCC and NCC so that both authorities can benefit from economies of scale. Members are in agreement that this represents a pragmatic solution that enables cost reduction without compromising quality.

3.4   The review group also fundamentally agree with the vision that LGSS should be designed by Local Government for Local Government, as this ensures that both partners can determine their service provision and share cost savings.

The Long Term Vision

3.5   The Cabinet report notes that the 'partner authorities remain open to the potential benefits of other organisations joining the LGSS partnership' although this 'would be subject to business case and further Cabinet approval'.

3.6   The review group acknowledge that the inclusion of other authorities as LGSS partners, or as LGSS customers, could potentially be of limited benefit to CCC and NCC in enabling costs to be shared more widely (it would not be legally possible for the LGSS Partnership to generate 'profit' from any arrangement of this kind).

3.7   However, CCC and NCC previously entered into lengthy negotiations with Slough Borough Council regarding their potential involvement as an LGSS partner, until they decided that it was not in their interests to proceed at this point. Members are therefore mindful of the risks of similarly unproductive negotiations arising in the future which could distract the LGSS partnership from establishing itself effectively, and achieving its core purpose of delivering efficiency savings to CCC and NCC. The group also feel that further change to LGSS in the near future would generate additional uncertainty amongst staff at a time when there is already significant uncertainty arising from restructures and reductions across all service areas.

3.8   For these reasons, Members recommend that Cabinet and Scrutiny should be formally alerted at an early stage should there be any interest from other authorities to join the LGSS as partners or customers. This would enable Cabinet, with appropriate Scrutiny, to indicate whether there is any appetite to expand LGSS, and if there is, whether the time is right for officers to enter into in depth discussions and to develop proposals for Member decision. This could prevent unnecessary use of limited officer resources if Cabinet were opposed to the idea of extending LGSS, whilst providing additional transparency to decision making that would facilitate scrutiny involvement at an early stage.

RECOMMENDATION 1 – LGSS VISION

The LGSS vision to provide low cost, high quality, support services to CCC and NCC is supported.

However, Cabinet and Scrutiny should be formally alerted at an early stage if there is interest from other authorities to join the LGSS as a partner or as a customer. This would enable Cabinet, with appropriate Scrutiny, to indicate whether there is any appetite to expand LGSS, and if there is, whether the time is right for officers to enter into in depth discussions and to develop proposals for Member decision.

WHO: LGSS Managing Director
WHEN: Ongoing

4.   **GOVERNANCE**

4.1   There were four issues that Members particularly focussed upon when scrutinising the governance arrangements for LGSS:

- Management arrangements for LGSS
- Cabinet involvement at key decision points
- Scrutiny Involvement
- 'Exit' / termination arrangements

Management arrangements for LGSS

4.2   The DBC sets out 5 potential governance arrangements for LGSS. Option 1 (do nothing) was discounted by Members as insufficiently ambitious, as were options 3 and 4 (varying degrees of private sector partner involvement) as these would not be in keeping with the 'by Local Government, for Local Government' vision.

4.3   Members therefore focussed on options 2 and 5 which would both result in 100% public ownership of LGSS. Option 2 involves the creation of a formal partnership to extend collaboration, through the establishment of a Joint Committee. The report notes this is a 'well known and tested model', would have low start up costs and that there would be potential to generate some extra revenue through expanding Joint Committee membership or through providing services to Local Authority customers. The DBC also notes a number of disadvantages, such as weak decision making by some Joint Committees, but proposes a number of actions that could be taken to mitigate these concerns. The DBC notes that this 'option is the only current realistic option that would enable benefits to be delivered in the short term' although 'on balance this is not considered to be the preferred option in the long term'.

4.4   Option 5 would involve moving to a 'Teckal' model, which would essentially involve the establishment of a separate organisation wholly owned by the Partner Authorities. The Management Summary for the DBC states that 'if a legal precedent were able to permit the creation of a wholly owned company then this would be the preference'. However, the group were advised that this statement would be withdrawn from the final version that will be presented to both CCC's and NCC's Council meetings for decision.

4.5   On balance, the review group felt that the Joint Committee model would enable LGSS to be established quickly, cheaply and would have sufficient flexibility to allow for additional Local Authorities to join as partners or customers in the future. The review group therefore recommend that the Cabinet endorse Option 2 as the preferred governance model for LGSS.

4.6   Given that Members believe that the Joint Committee model can enable LGSS to be successful, they do not believe, at this stage, that there is a strong argument to moving to the Teckal model in the longer term, assuming this becomes legally permissible. In fact, Members felt that ongoing consideration of this model could prove a distraction to the emergence of LGSS. Therefore, for similar reasons as recommendation 1, the review group recommend that officers should seek formal instruction to develop Teckal proposals *before* in depth work is carried out.

4.7   Members also reviewed the proposed management arrangements, comprising four senior Directors headed by a Managing Director. The review group agreed that these arrangements are sound.

RECOMMENDATION 2 – DECISION MAKING

A) A formal Joint Committee should be established to run the LGSS.

B) Cabinet should be notified of the potential to adopt the Teckal Model if / when legal circumstances make this a feasible option, so that Cabinet can decide at an early stage whether there is any benefit in considering this alternative to the Joint Committee.

WHO: Cabinet / Council
WHEN: July 2010

Cabinet Involvement at Key Milestones and Decision Points

4.8   The DBC outlines the support services initially in scope for LGSS and notes that Cabinet approval would be required if changes are proposed to the form of the partnership and/or any significant expansion of the partnership beyond the geographical boundaries of the two counties.

4.9   However, Members believe that Cabinet involvement should extend beyond this, so that their approval to proceed is required when:

- A key milestone of the implementation of the current LGSS proposals is reached (the milestones have yet to be determined, but it is envisaged that they could be activity or time based)
- There are proposals to change the in scope services within LGSS
- There are proposals to allow a local organisation to join LGSS as a partner or customer

4.10   The group recognise that the Joint Committee will play an important role in providing leadership in all of the above scenarios. However, Members believe that it is important for Cabinet to formally approve significant changes associated with LGSS to ensure that there is an opportunity to pause and fully consider the implications of these changes before they are implemented. This would provide additional Member oversight of the LGSS and ensure that its profile is raised at key stages of development.

RECOMMENDATION 3 – CABINET INVOLVEMENT

Cabinet approval to proceed should be required at key milestone and decision points in the development of LGSS, including:

- Milestones reached during the implementation of the current LGSS proposals
- Proposed changes to in scope services
- Proposed changes to allow a local organisation to join LGSS

WHO: Cabinet
WHEN: July 2010

4.11 This scrutiny review was conducted jointly between CCC and NCC Members. It was a time limited review, specifically setup to scrutinise the Business Case for the formal establishment of LGSS. However, Members unanimously agreed that there is an important ongoing role for Scrutiny in providing oversight and challenge to LGSS to ensure that it provides value for money and high quality services.

4.12 There are essentially two options available for Members to provide ongoing scrutiny to LGSS. Firstly, Members could continue to convene an informal joint Member group meeting on an ad hoc basis, as and when required. Any findings from these meetings could be reported to the relevant CCC and NCC Scrutiny Committees which are held in public. Alternatively, if both Councils were in agreement, it would be possible to establish a formal Joint Scrutiny Committee which would be held in public, and specifically tasked with holding the LGSS Joint Committee to account.

4.13 Members favoured the second option as they felt that a formal Joint Committee would have a higher profile than the continuation of the ad hoc method and would ensure that there is regular scrutiny of the Joint Committee.

RECOMMENDATION 4 - SCRUTINY

Both Councils should agree to the establishment of a formal Joint Scrutiny Committee to enable Members to provide effective scrutiny of the LGSS Joint Committee.

WHO: Council
WHEN: July 2010

Exit / Termination Arrangements

4.14 As already stated, Members support the LGSS vision and are confident that LGSS will be successful. However, Members are also conscious that there are always risks associated with any pioneering endeavour, and that it is therefore prudent to set out clearly what LGSS is expected to deliver and how the partnership can be dissolved if these expectations are consistently not met.

4.15 Members note that the 'Delegation and Joint Committee Agreement' outlines the procedures that should be followed if significant variations are proposed to LGSS, or if a partner wants to withdraw from the partnership. It is therefore recognised that formal exit procedures have been devised.

4.16 The group then investigated whether the Business Case, or the associated documentation, identified the worst case scenario in which the performance of the LGSS would be considered to be so poor that it would be sensible to dissolve the partnership. Establishing these 'failure criteria' from the outset is

an important means of ensuring that both parties are clear of minimum expectations and to avoid the risk that an under performing LGSS would be able to continue running indefinitely.

4.17   In response to this line of enquiry, the review group were advised that the projected savings set out in the business case represented a very prudent position, so any less than this would represent failure.

4.18   Whilst Members acknowledged this point, they did not accept that poor performance in itself would necessarily lead the partnership to consider whether it had a viable future. Therefore, Members recommend that failure criteria should be developed to explicitly identify the circumstances in which serious consideration should be given to dissolving the partnership. This should go beyond measures relating to savings, to encompass service quality standards and customer satisfaction.

RECOMMENDATION 5 – EXIT STRATEGY

Failure criteria should be developed to ensure that LGSS partners are clear about the circumstances in which serious consideration should be given to the dissolution of the partnership. Failure criteria should encompass net savings, service quality and customer satisfaction measures.

WHO: LGSS Programme Leads
WHEN: July 2010

5.   SCOPE

5.1   Members noted that the LGSS proposal involves bringing together 'transactional services' (i.e. more procedurally based services such as the Payroll service) and 'professional services (e.g. Internal Audit).

Transactional Services

5.2   From the outset, Members were fully supportive of the proposals in relation to transactional services. It was recognised that the success of the joint working between CCC and NCC to date has largely been based on the shared use of the ORACLE E Business Suite, and the expansion of these arrangements is a positive step. It will enable both authorities to save on development costs and to make better use of the full range of functions included within the software package. In many ways, the extended application of the E Business Suite will simplify and increase the efficiency of a number of processes.

5.3   Members recognise that one of the fundamental principles of LGSS is that many transactional support services will be provided on a 'self service' model with service managers and staff accessing support services through the E Business Suite rather than through support staff. This will clearly represent a significant change to the working practices of service staff and the additional administrative burdens should not be under estimated (see section 7).

However, Members are convinced that the devolvement of control over support services to service managers is positive and a necessary modernisation measure for both Councils.

Professional Services

5.4 The group were initially sceptical about the inclusion of professional services within LGSS principally for three reasons:

- Due to concerns that CCC and NCC could have different uses for some services which could compromise their ability to act independently on strategic issues outside of LGSS (e.g. Legal Services and Organisational Development).
- As they were not convinced that the savings associated with professional services could be achieved without reductions in staffing levels and a consequent reduction in service quality to service managers and staff.
- Because the differential scope of some professional services could further complicate an already difficult shift in support service provision

5.5 However, following discussions with officers, Members were satisfied that LGSS could effectively:

- Provide unbiased professional support to CCC and NCC
- Deliver significant economies of scale and improve quality of service (for all the reasons identified on page 4 of the Summary DBC)
- Establish a platform for other support services to join LGSS, at the appropriate time, so that there is no scope differential between CCC and NCC

5.6 Members therefore endorse the proposals to include professional services. Indeed, they envisage that there is potential to further expand the scope of professional services included within LGSS (as proposed, for example, in the CCC scrutiny review regarding procurement).

6. COSTS / SAVINGS PROJECTIONS

6.1 The review group considered the costs and savings projections within the OBC and DBC. The following table illustrates some of the key changes between the two:

	Outline Business Case (£m)	Detailed Business Case (£m)
Gross Cost	£10.9	£6.5
Contingency (inc. within Gross Cost)	£1.8	£1.8

Net Savings (in total)	£2 p.a.	£2.5 p.a.
Payback Period	4.5 years	2.5 years

6.2 Members were advised that these figures are based on a very prudent approach, based on an assumption of in scope services only. It excludes a range of significant savings that are linked to the development of LGSS, for example by achieving 'best in class' performance across the in scope support services. It also excludes any sharing of costs that could be achieved through extension of the LGSS services to potential partners or customers. In addition, by upgrading ORACLE to version 12 together, both CCC and NCC will avoid significant costs which are not factored into the table above.

6.3 However, whilst it is acknowledged that LGSS is likely to achieve savings in addition to those highlighted in the table above, Members decided that they could only endorse the formal development of LGSS if the core savings would 'stack up' in their own right.

6.4 Members were therefore pleased to see that the DBC demonstrates a significant reduction in the level of costs, whist retaining a significant contingency to cover the inevitable difficulties that attend significant change projects like LGSS. Nonetheless, the £2.5 m net savings are relatively modest when shared between the two partners, and Members agreed that this level of saving is only just sufficient to warrant the significant organisational change required to achieve it. Members therefore expect that significant effort will be applied to achieve the additional savings that are not within the core business case, as this is where both partners can really reap the rewards of the joint venture.

6.5 The review group did not have sufficient time to go through each projected cost and saving category to assess whether they were realistic. However, Members did note that all reductions in expenditure were classified as 'savings' when, in some cases, it is likely that some of these reductions are in fact 'cuts'. Members therefore recommend that cuts / reductions in service level are explicitly identified alongside efficiencies.

6.6 In addition, Members did not see any recognition within the DBC that the application of the self service principle will place additional demands upon service managers, albeit that these will be minimised through use of automated systems and other efficient methods. Again, Members felt that this should be fully recognised within the DBC.

RECOMMENDATION 6 – SAVINGS / COSTS

Cuts / reductions in service level should be explicitly identified within future versions of business cases presented to Cabinet and Scrutiny.

WHO: LGSS Programme Leads
WHEN: July 2010

RECOMMENDATION 7 – INTANGIBLE COSTS

Future versions of business cases should explicitly identify the costs / pressures applied to services outside LGSS to ensure that cost and service 'shunting' does not take place.

WHO: LGSS Programme Leads
WHEN: July 2010

ORACLE Customisations

6.7   As already stated, a significant portion of the anticipated savings from LGSS arise from shared use of ORACLE software. Members were advised that a key LGSS design principle is that a 'vanilla' ORACLE configuration will be used, with no customisations, wherever possible. This is essential to keep costs down and to allow the system to be shared effectively across CCC and NCC and in case other organisations join LGSS in the future.

6.8   Members agree that ORACLE customisations should be kept to a minimum, and recommend that they should only take place in exceptional circumstances following a thorough cost / benefit analysis by the Joint Committee.

RECOMMENDATION 8 – ORACLE Customisations

ORACLE customisations should only take place in exceptional circumstances following a thorough cost / benefit analysis by the Joint Committee

WHO: LGSS Managing Director
WHEN: Ongoing

7.   CUSTOMER ENGAGEMENT

7.1   Members were conscious that the development of LGSS represents a significant modernisation of both partners' support services which creates uncertainty and requires changes to organisational cultures and working practices. They therefore sought feedback from senior customer service representatives from NCC and CCC to find out their views on the proposals. Members received documentation and written feedback (principally from CCC) which Members were assured reflected issues raised at both Councils.

7.2 Firstly, the group noted that all respondents acknowledged the value that LGSS could bring in rationalising and improving support services; particularly in making better use of the E Business Suite. Nonetheless, there were a variety of issues raised about the implementation of LGSS, some of which are paraphrased in the table below:

Issue
1) Impact on the Frontline Frontline services are expected to generate significant savings and require access to high quality support services. However, these support services are being distracted by LGSS with some high quality staff leaving and considerable attention being given to generating back office savings instead of focussing on the much larger savings required of front line services.
2) Holistic Business Case The LGSS Business Case should consider the whole organisation knock on effects in terms of quality, quantity and cost. For example: • Extending 'Self Service' too far would place significant administrative burdens on frontline staff and therefore be counter productive • Providing training and development for managers so they can make best use of the self service system • Reducing HR support for disciplinary hearings and appeals through the transfer of professional services could result in more Employment Tribunals, and ultimately, more pay outs
2) Service Level Agreements There has been a lack in both the quality and quantity of engagement with services, at different times in the project history, regarding the standard and level of (transactional and professional) service they can expect from LGSS in terms of quality, quantity and cost. It is unclear what level of professional advice and support will be available if there are exceptional demands, such as during a restructure or if a large deficit is forecast.
3) Accessibility Managers currently benefit from regular professional contact with support staff who fully understand the issues facing the service. Concerns were raised about the availability and continuity of support from LGSS staff, as and when required.
4) Retained Organisation There are many issues still surrounding the size, shape and responsibilities of the retained versus the LGSS organisation that must be worked through – e.g. who will own the Corporate Integrated Planning Process and how will Strategic Management Team (SMT) be supported in respect of financial, legal and HR

issues.

It will also be important to ensure that duplication does not occur with both LGSS and frontline services developing support services.

5)   Risk

A critical examination of risk is required before moving to a self service model. Many existing policies and processes are based on what many managers consider to be currently a risk averse approach. Savings can be delivered now and self service made more manageable if there were a more accepting view of risk and a preparedness to support the judgment of managers.

7.3   A common theme in the feedback received was the sense that there had been limited engagement with services and that they were unclear about how support, particularly professional support, from LGSS would work in practice. Given the growing funding pressures on front line services, and their consequent reconfiguration, it is not surprising that concerns have been raised about the level of support they would be able to receive under LGSS and the potential demands that 'self service' would have on frontline managers already working at capacity.

7.4   Members raised these issues with senior officers who gave assurances that they were mindful of the pressures on frontline services, and had designed LGSS so that the level and accessibility of professional support would remain the same in the first 2 years of its operation. This support would be deployed flexibly to meet need as and when required by services, and further assurances were given that the quality and quantity of support services would be maintained and a Service Catalogue had been produced to provide clarity over service provision.

7.5   Officers advised that there had been extensive communication with services, at all levels, regarding LGSS. However, it was accepted that more could be done, and Members recommended that this could be improved through use of case studies to demonstrate examples of how LGSS would work in practice. For example, one case study could show how a service manager could access Human Resources support to assist with a restructuring exercise.

7.6   Nonetheless, Members believe that whilst some of the concerns raised in the feedback were the result of poor communication, there are also outstanding issues, particularly in respect of the ongoing level of support that frontline services can expect from LGSS (i.e. Service Level Agreements). These issues need to be addressed urgently to ensure that LGSS meets the requirements of all services. Members therefore recommend that an implementation plan is developed with internal customers as a priority to address their concerns.

RECOMMENDATION 9 – IMPLEMENTATION PLAN

The LGSS Programme Team should work with customer service groups across CCC and NCC to address their concerns, including:

- Service Level Agreements
- Training and Development for Service Managers
- Risk management

WHO: LGSS Programme Leads
WHEN: July 201

8.   SIGNIFICANT IMPLICATIONS

Resources & Performance

Finance
8.1   It is anticipated that the implementation of the Scrutiny Committee's recommendations would enable the Council to achieve improved value for money from LGSS.

Statutory Duties/Requirements and Partnership working

8.2   This review proposes that CCC and NCC should establish a Joint Committee to manage LGSS and a formal Joint Scrutiny Committee to hold the LGSS Joint Committee to account

Climate Change

8.3   There are no significant implications for any of the headings within this category arising within the review.

Access and Inclusion

8.4   There are no significant implications for any of the headings within this category arising within the review.

Engagement and consultation

8.5   This review proposes that an LGSS implementation plan should be developed in consultation with internal customers across CCC and NCC.

Source Documents	Location	Contact
Cabinet reports – 23rd February 2010, 15the June 2010.	Room 221	Robert Jakeman, Scrutiny Development Coordinator, 01223 699143

APPENDIX A – CONTRIBUTORS TO THE REVIEW

Adrian Loades, CCC Executive Director, Children and Young People's Services (written submission on behalf of Children and Young People's Services)

Bunmi Adekeye, Manager, Deloittes Consulting

Councillor Martin Curtis, CCC Cabinet Member

Dale Squire, Joint LGSS Programme Director

Julia Barrett, CCC Service Director: Environment and Regulation (written submission on behalf of Environment Services)

Neil Goryn, Accountant Technician

Nick Dawe, CCC Corporate Director: Finance, Property and Performance

Pat Harding, CCC Corporate Director: Customer Service and Transformation (written submission on behalf of Corporate Directorates)

Paul Blantern, NCC Chief Executive

Paul White, NCC Head of Shared Services and Procurement

Richard Haynes, Director, Deloittes Consulting

Rod Craig, CCC Executive Director, Community and Adult Services (verbal submission via Scrutiny Development Coordinator on behalf of Community and Adult Services)

APPENDIX B – TERMS OF REFERENCE

Review Title:	**Shared Services Business Case**
Committee:	Corporate Services Scrutiny Committee
Scrutiny Lead Members:	Councillors Nick Clarke, Dudley Hughes, Phil Larratt, Dennis Meredith, Mathew Shuter, Michael Williamson
Scrutiny contact:	Rob Jakeman (01223) 699143

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1. Overall Purpose (why are we doing this?)

The establishment of a Local Government Shared Services organisation is projected to result in significant efficiency savings and improvements to the delivery of several corporate services. The success of this initiative is therefore of strategic importance to both Partnering Authorities – Cambridgeshire County Council and Northamptonshire County Council.

The scrutiny review will enable Members to scrutinise the Business Case for the Shared Services Programme so that they can form a view as to whether the Council's should proceed, and if so, whether any amendments to the Business Case are required. The findings of the review therefore aim to improve the quality of decision making in relation to the Shared Services Programme.

3. Objective

The key objectives of the review will be to:

- Scrutinise the scope, feasibility, governance arrangements and potential risks and benefits of establishing a Local Government Shared Services Organisation, as outlined in the Business Case

4. Key Lines of Enquiry

The review group will address a number of issues, including the following:

Scope

- What is the rationale for including the 'in scope' services?
- To what extent are 'in scope' services fully included, and why?
- If other services were considered for inclusion, what was the rationale for excluding them?
- What is the rationale for phasing 'in scope' services into the LGSS (in instances where they are not being included in their entirety from the start)?

<u>Feasibility</u>

- What is the evidence base for the projections and do they 'stack up'?
- How prudent are the calculations – what are the best and worse case scenarios?
- Are the contingency allocations reasonable?

<u>Governance</u>

- What measures would be taken to ensure that the Local Government Shared Services Organisation operates effectively, with appropriate Member and Officer leadership and scrutiny?
- What measures would be put in place in case of dispute?
- How would the financial payback mechanisms operate? (i.e. the payment structures from the LGSS to the partners)
- Would there be any impact on residual corporate services? If so, what would these be?

<u>Potential Risks</u>

- What key risks have been identified and how likely are they to materialise?
- What proposals are there to mitigate the risks?
- What are the risks of not progressing with the Shared Services proposals?

<u>Potential Benefits</u>

- What kind of improvements to service performance could be anticipated?
- Are there intangible benefits that cannot easily be quantified?
- What are the longer term potential benefits to the partnering authorities if LGSS is implemented?

5. Outcomes

Assuming acceptance and successful implementation of review recommendations, the principal and ideal long term outcome would be:

- A strong business case that enables Cabinet to make informed decisions about the Shared Services Programme
- The attainment of increased value for money from the services provided through Shared Services

6. Risks (are there any risks in doing this review, and how can they be minimised?)

Risk	Mitigation
Review exceeds timescales	Clearly defined lines of enquiry for each meeting.
The review is expanded beyond its current scope	Frequent reference back to TOR. There will be potential to explore broader aspects of Shared Services after the Cabinet and Council meetings in June and July.
Review findings are ill informed or unrealistic	Adopt an inclusive approach to the review involving frequent cross-referencing of findings with officers to ensure accuracy.
Duplication (e.g. with reviews being conducted by Internal Audit)	Share terms of reference with relevant Internal Auditors and build upon findings from their reviews.

8. Timescale (how long will the review take?)

It is anticipated that Corporate Services Scrutiny Committee will be asked to approve the review report prior to the Cabinet meeting in June, by email.

9. Target body for Findings/Recommendations (e.g. Executive, Council and dates of key meetings/ report deadlines)

County Council Cabinet – June 2010

County Council – July 2010 (depending on findings)

10. Evidence (what do we need to inform the review?)

Information Required:	Already Held	To Be Produced
Outline Business Case and Appendices	Yes	
Good Practice Guidance	Yes (Centre for Public	

	Scrutiny Guidance)	
Case Study Information from similar Scrutiny Reviews	Yes	
Case Study Information from other Shared Services initiatives		To be developed

11. Witnesses/Interviews (who & why?)

Nick Dawe	Corporate Director with lead responsibility for Shared Services Programme from the Cambridgeshire County Council perspective
Paul Blantern	Corporate Director with lead responsibility for Shared Services Programme from the Northamptonshire County Council perspective
Councillor Andre Gonzales De Savage	Northamptonshire County Council Cabinet Member with responsibility for the Customers and Communities Portfolio
Cllr. John Reynolds	Cambridgeshire County Council Cabinet Member for Resources and Performance
Relevant Internal Auditors / Value for Money Specialist	To share and build upon existing audit reviews
Draw on expertise from outside the area	E.g. relevant officers from other Council's engaged in Shared Services initiatives, to see if it is possible to learn from other's experiences
Deloittes Representative	To understand some of the detail presented by Deloittes in the business case

12. Site Visits (why, where & when?)

TBC	

13. Resources & Budget

The Scrutiny Development Coordinator will assist the review group and arrange for expert input, as requested.

14. Media Coverage

- Will a press release be prepared to draw attention to the review? TBC
- CCC press contact: TBC
- Spokesperson for review group: TBC

Completed by:	Rob Jakeman
Approved by Committee Chair:	
Approved by Corporate Services Sub Group:	