

**Report of:** Chief Executive & Strategic Director (F&CS)  
**To:** Finance Scrutiny Committee  
**Date:** July 2007  
**Title of Report:** Shared services with other providers

### Summary and Recommendations

**Purpose of report:** To update members on how the agenda for the sharing of services with other providers is progressing in line with government thinking and the council's aspirations as set out in its bid for unitary status.

**Wards affected:** All

**Recommendation:** That the Scrutiny Committee considers how it wishes to become involved in this process.

### Background

1. The Government has said that local authorities need to consider shared services when looking at the efficiency agenda - which is becoming steadily more onerous. It is clear that the release of the CSR07 expenditure targets will impose severe restrictions on local council funding, which will require a fundamental review of the way in which council's provide their services. Accordingly, Oxfordshire Chief Executives have been looking at areas where shared services might deliver such efficiencies.
2. This council's unitary submission also identified that there were potential savings to be made by setting up shared services arrangements. That bid envisaged:
  - a) A joint strategy function - supported by a small team
  - b) Efficiencies from better coordination between activities
  - c) Joint procurement of specific back-office functions
  - d) Linking up services at the very local area

The full Council supported the principles in that submission.

3. Some nearby authorities have already gone well down the shared service route; For example, South Oxfordshire and Vale of White Horse have established a shared revenues and benefits service and they are extending that into accountancy and other support services. Cherwell and West Oxfordshire are reported as starting work on sharing their revenue and benefit services.
4. The local government press has published reports of authorities appointing joint service directors and/or merging different front or back office functions. The IDEA has finished a review of 16 shared front office services.

5. However, whilst the private sector has reported efficiency savings from shared services, the public sector evidence base is weak. An IDEA survey of 32 councils' Chief Executives concluded that staffing levels were unaffected by shared services undertakings (though they reported other benefits).
6. A SoCITM analysis has illustrated that sharing services is not the sole answer to improve efficiency, and that there are other improvement delivery routes available.
7. There are also notable critics of shared services; including the council's 'systems thinking consultants' Vanguard Consulting. They argue that most shared services operations are poorly designed and consequently build in substantial inefficiencies and waste by separating demand from work.
8. Oxford City Council has not to date gone down a high profile services sharing route, but there are examples such as:
  - Supporting people - where we are part of a county wide commissioning body and where we also provide services to others (e.g. emergency alarms).
  - Oxford Waste Partnership - we are working with the other districts and the county to establish a joint committee which will manage costs of waste disposal. The group may work towards a countywide refuse collection contract.
  - Human Resources - have established a partnership with Kensington and Chelsea to jointly develop a new set of staff competencies and cooperate on a joint staff-training programme. More locally we are active members of the Milton Keynes partnership, which draws together HR training activities.
  - Legal back office commissioning - Oxfordshire's Legal Service Managers have jointly commissioned a call off contract for standard "counsel opinions".
  - Joint banking contract - In 2003 we jointly tendered our bank contract with the County. Vale and South Oxfordshire are jointly tendering their bank contract for 2008 and we've joined that procurement exercise.
  - Common housing register - we have a single computerised list of people wanting housing - which other social landlords access.
  - Oxford Housing Partnership - a new group working towards meeting the Local Area Agreement targets for affordable housing.
  - County-wide procurement - our procurement team has negotiated major supplies, energy and agency staff contracts for Oxfordshire districts.
  - Internal audit - was let with an option for other authorities to join our contract. We are planning a joint VfM audit of Accountancy services with Cherwell.
9. It is clear from the above that there are mixed views about the merits of sharing, but that there is sufficient evidence for this matter to be taken forward seriously to identify those areas which will assist the council in meeting its efficiency obligations.

10. In addition to these efficiency obligations, government thinking is being developed in areas of place shaping and enhanced neighbourhood working, which again figured heavily in the council's unitary bid. These are important topics for the council to take forward as part of its general modernisation proposals.

#### **Actions taken to date**

11. In order to progress the issue of sharing of services a discussion paper was presented to the cross party-working group in June 2007, which was intended to initiate a discussion on the principles involved.
12. After discussion it was agreed that
  - Sharing should proceed for specific areas on the basis of rigorous option appraisal, and only where a reasonable prospect of improving value for money and/or more focussed customer services exists within measurable timescales
  - Good project management of each sharing project is essential
  - A robust risk minimisation and mitigation policy be established
13. A full discussion on this issue with other district leaders and the county council leader then took place on 14 June 2007. Leaders discussed the principles involved and agreed that this matter be pursued by the Chief Executives, with a view to proceeding with the sharing agenda.
14. Separate discussions have also been held at Leader level between the County Council and the City Council to identify areas that might yield benefit to the community, which so far have identified park and ride sites and section 42 obligations as possibilities. It is intended that officers will follow up these discussions over the coming weeks.
15. It is clear from the foregoing that a desire exists between Oxfordshire councils to consider proposals for shared services on their individual merits, based on a rigorous examination of their potential to improve value for money and service outcomes. A structure within which this can proceed effectively is to be drawn up by Chief Executives over the summer period.
16. It is also clear that to produce tangible results a 'gear shift' is required in the willingness of councils, including the city council, to embrace this agenda fully (rather than tinkering with it), and to concentrate on areas where efficiency gains and better services are most likely to be visible and be appreciated by citizens
17. With regard to ancillary issues of place shaping and enhanced neighbourhood working, these are being taken forward within the city council and are being reported to the cross party group for discussion. A major feature of the place shaping agenda is to create a focus within the council by bringing together relevant functions within a new management structure, and this is currently out for informal consultation with council staff. As regards enhanced neighbourhood working, a consultancy exercise on the role of area committees has recently been completed, which will be reported to members in due course. It is intended that this will assist the council in pursuing its area working objectives set out in the council constitution.