

Report to Cabinet

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Portfolio: Leader of the Council – Cllr C Whitbread
Subject: North Essex Shared Services
Responsible Officer: Andrew Small (07548 145665).
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Recommendations/Decisions Required:

- (1) **To note the work undertaken to date and the proposed approach to the Colchester City, Braintree and Epping Forest District Council’s Shared Service Programme.**

1. Executive Summary

- 1.1. The Since signing a shared Memorandum of Understanding in December 2022, Councils in North Essex have been working closely together culminating, by the agreement of each of the nine councils involved, in the formation of the North Essex Councils (NEC) strategic partnership in Autumn 2023.
- 1.2. With all councils facing sustained pressure on resources, the need for increased collaboration and prioritisation of front-line service delivery, supported by resilient enabling ‘corporate’ or ‘back office’ services, is essential.
- 1.3. Whilst good governance, processes and robust controls are essential elements of the good public service provision, the need for individual bespoke Back Office services are not. Coupled with the challenges of recruiting and retaining experienced local government professionals, increased complexity and demand, and fragility created by having reduced team sizes over recent years, North Essex Councils agreed to explore the development of shared solutions for Back Office Services with the specific objectives of building resilience, sharing best practice and, through the reduction in duplication and streamlining over time, an overall reduction in cost.
- 1.4. Braintree District, Colchester City and Epping Forest District Council’s collectively agreed to act as Pathfinders for the wider North Essex grouping to understand the opportunities, barriers and potential benefits from adopting this shared approach. It was implicit that wherever possible this approach should be designed to be scalable, with the potential to incorporate others from the North Essex group of councils, and that the learning would be jointly shared.
- 1.5. In considering the work undertaken to date, it needs to be recognised that each Council approaches the opportunity to share services from a different position, with

different approaches to current delivery, unique challenges, different cost bases, but generally with the same broad objectives. These different starting points are a key consideration in understanding the reasons why the journey looks different for each council. As other NEC councils look at the opportunity to engage this will be an important learning point.

- 1.6. Good progress has been made and further progress necessitates the need for formal decisions and delegations to proceed. This paper updates on progress, explores the options considered and sets out the expected next steps for each of the shared services workstreams, and the overall programme. It is intended that this joint paper will be shared across North Essex as a record of work undertaken, provide a rationale for decisions taken to date and lay the foundations for scaling-up to involve more councils over the coming period.

2. Services in scope and work undertaken to date

- 2.1. In April 2023, the retirement of Colchester City Council's Head of Finance (Section 151 Officer) resulted in a shared role with Epping Forest District Council. This arrangement was subsequently followed up with a Shared Service Director for ICT and Transformation in June 2023. At the same time, Braintree District Council expressed an interest in developing shared opportunities and subsequently Human Resources and the Revenue and Benefits Service were brought into scope. This created four main workstreams: Finance, HR, ICT & Transformation and Revenues and Benefits.
- 2.2. These 'back office' service conversations supplement a patchwork of existing and long-standing shared agreements across Essex and with neighbouring county areas, including Payroll, Procurement and Internal Audit. In this respect, sharing is not a new concept, and its value has long been understood by Essex local authorities. However, existing arrangements are sometimes piecemeal, have an upper practical size and so are not always scalable. They often have a variety of governance arrangements wrapped around them that may prohibit growth and they may be established without scalability and an open partnership approach in mind.
- 2.3. Each workstream was invited to undertake an initial 'discovery phase' to explore the potential benefits and risks from sharing and begin to put together an evidence base to inform the project initiation process.
- 2.4. Monitoring, evaluation, learning and leadership has been provided by an Executive Programme Board populated by the respective Chief Executives, the four workstream sponsors (each a director at one of the three Councils) and the Programme Lead. The Board is supported by both Communications, a secretariate function and the North Essex Councils Director, and on several occasions the three Council Leaders have been invited to join the Board for updates on progress and to provide leadership
- 2.5. Information and progress updates are regularly being provided to North Essex Councils Chief Executives' and Leaders' groups to keep them apprised of progress.

3. Programme Structure and Governance

- 3.1. The Executive Programme Board was created as an informal governance body to steer the programme. The Board, to date, has been supported by internal project delivery resources drawing on existing capacity, taken mainly from transformation resource in each Council. However, views on resource requirements have shifted as the understanding of scope and complexity of the programme has developed. This includes a deeper understanding of the workload, differences and issues of sovereignty.
- 3.2. Senior officers from each Council, and Essex County Council, have also been informally seconded to act as workstream leads to drive forward the work, provide leadership to project managers and subject matter experts and pull together business cases.
- 3.3. A dedicated Programme Manager has recently been recruited recognising that moving into the next phase of work will require additional resource to oversee and guide delivery, accountable to the Executive Programme Board.
- 3.4. Evaluation of the proposed solutions will be undertaken using a standardised business case methodology developed to provide consistency in approach.

4. Finance and ICT

- 4.1. Finance and ICT are two workstreams that were initiated by a senior vacancy, which created an opportunity for a co-designed solution between Colchester and Epping Forest.
- 4.2. The targeted non-financial benefits focus around addressing workforce issues associated with attracting and retaining specialist skills in a competitive and challenging market, together with building resilience. A background of sometimes reactive savings in response to financial challenges has led to a high dependency on a few key individuals in each Council. Pooling resources, combined with shared specialist individuals presents a solution that can both increase resilience but also help with attracting skills by making roles more attractive.
- 4.3. In addition to the non-financial benefits there are potential financial benefits from sharing resources, but these depend almost entirely on the elimination of duplication. In Finance that requires approaching key activities in a similar way, i.e. the approach to budget setting, financial monitoring, treasury management and transactional activities. With ICT it depends on councils moving to shared hardware and software solutions. This provides aligned opportunities to modernise the function into a digital service that provides customer focused solutions and data capabilities, among other functions
- 4.4. For Colchester City Council and Epping Forest District Council, both services' journey commenced with joint appointments, each taking responsibility for both teams in the two councils. Closer alignment has been gradual, focussing on specific issues, opportunities or challenges faced by either or both Councils, alongside an open dialogue with Braintree District Council to avoid misalignment.

- 4.5. The identified advantages of this approach have been:
- Time to understand the challenges, strengths, culture, processes of each individual organisation
 - Immediate solutions to some non-financial workforce challenges
 - Opportunity to understand and adopt best practices
 - Build rapport between teams over shared issue resolution
 - Changes introduced gradually reducing the risk of failures
- 4.6. The identified disadvantages have been:
- Running two separate approaches to delivering services is inefficient and time consuming with significant demands on key individuals.
 - Takes longer to deliver benefits
 - For some colleagues, a perceived extended period of uncertainty
- 4.7. It is recognised that Braintree District Council is starting from a different place and without some of the immediate challenges in relation to its current Finance and ICT services. Whilst keen to participate in a shared solution, it has the opportunity to reach convergence at a different speed from Colchester City and Epping Forest. To enable the later inclusion, the position adopted, as far as possible, has been for full engagement with the design and decision taking to ensure that there is both acceptance and an opportunity to raise council specific issues, which if not properly understood and reflected may derail convergence later.
- 4.8. For Finance an essential enabler has been a common approach to the preparation and handling of financial information through a shared, or at least common, financial system using a common chart of accounts and adopting common processes. This is considered a pre-requisite to delivering larger efficiencies from shared services, but also a key enabler to a shared understanding of costs across multiple organisations supporting development of further shared services and the monitoring and recording of efficiencies.
- 4.9. For ICT, savings and efficiency are dependent on the rationalisation of technical hardware and software solutions, and the development of aligned ICT and digital strategies. It has been noted that this requires compromise as each Council is likely to be familiar and comfortable with current practices and ways of working determined, in part, by their current software solutions. The replacement of key systems can come at significant cost and with lengthy implementation periods potentially delaying the delivery of the shared ambition.
- 4.10. The work to date across the councils participating has been partly driven by recruitment opportunities but has also been influenced partly by the commonality of ICT solutions. Those where there are shared software platforms or programmes underway to upgrade or replace them have presented the easiest opportunities to move the sharing ambition forward at the fastest pace. However, even where there is a degree of commonality progress has still been comparatively slow due to the lead time associated with major system upgrades or alignments. If savings from shared services are expected to pay-back investment in system changes, this may present a barrier where the cost of change is high and the payback period longer.

- 4.11. All three councils already use the same financial system, but different versions. All were also on a path to upgrade their versions to the latest version and had made budgetary provision to deliver this, reducing the costs attributable to shared services, but some additional cost has been incurred ensuring the version implemented will facilitate shared process in due course.
- 4.12. Whilst work continues to move to a common version of the finance system, benefits deliverable from sharing of this service are reduced as duplication still persists. Facilitation work continues to analyse respective approaches and to agree on a best in class or best practice approach. This work has been independently commissioned to provide demonstrable independence and objectivity, together with specialist arbitration where disagreement occurs, with the intention of delivering a solution that would be recognised as optimum by a wider cohort of professionals within Essex or further afield.
- 4.13. HR teams across the 3 councils utilise the same HR system, though configured and used differently. Beyond these, there is significant variation in the solutions used by councils for their key systems as well as underpinning networks, devices, operating systems and identity and access management systems. The method of hosting also differs, e.g. 'on-premise' or 'cloud-based'. The different approaches require different software and hardware specialists to maintain the myriad of technologies, with staffing structures organised to support these.
- 4.14. Every council broadly undertakes the same functions in more-or-less the same way yet, over time, has developed an individualised network of interconnected and often bespoke software solutions to deliver its services. Currently this must be maintained, updated and occasionally replaced at a largely duplicated cost for each council. In a world where local government is increasingly financially challenged, the cost of owning a unique solution versus the level of individuality required no longer feels sustainable. The price for doing so is increased financial pressure on core services and poorer alignment of systems and processes.
- 4.15. A key challenge to each council in terms of optimising the benefits a of a shared ICT service is acceptance of the above point. To do so requires a reconsideration of relative importance and an acceptance that some compromise is necessary, if arriving at a harmonised solution and resilient support is considered desirable. It is acknowledged that the degree of compromise depends on the individual level of change required, which will vary depending on the starting point.
- 4.16. Whilst standardised ICT solutions enable the greatest savings, it can also come at a significant cost, especially when all, or most, of the parties are required to change. The Business case for this upfront investment has yet to proven and Revenue and Benefits is currently focused on producing a Cost Benefit Analysis for this area.
- 4.17. Realistically, harmonisation of ICT platforms is a journey that will in part be informed by opportunity, necessity and cost. The direction of travel is therefore for convergence over time driven by business need and opportunity. In furtherance of this objective a clear direction of travel is being established with a view towards technologies and platforms that will inform decision taking, skills development and staffing structures along the way. It is considered important to have this clear vision

to ensure that any decisions taken move partners closer towards the envisaged solution as opposed to divergence or acting as a barrier to future progress.

- 4.18. To create a shared map of future digital requirements a Digital group needs to be created to cater for cyber, digital, data and technology approaches to agree strategy, understand customer and business needs, and to arbitrate and broker shared solutions across all service areas.
- 4.19. The proposed next steps for Finance include completing the analytical review of finance processes and agreeing on best practice. This will allow the optimum team structure to be designed and for consultation to take place, ideally before the end of the calendar year. Beyond this, go-live on the Colchester and Epping Forest unified finance system is expected on 1 April 2025, leading to review of aligned processes for future sharing possibilities.
- 4.20. For ICT / Digital services, it is proposed to make a single move into a common structure for Epping Forest and Colchester City in summer 2025. Braintree remains closely engaged to the progress in this space, ensuring that all options for future working models are still feasible.

5. Human Resources

- 5.1. Human Resources has approached Shared Services differently. The immediacy of a resourcing gap did not exist, and this meant more time to consider the available solutions.
- 5.2. Human Resources is unique in that it has the dual role of both designing its own scalable Target Operating Model to provide services but also in supporting the entire Shared Service Programme through the fundamental people-based issues requiring resolution, such as Terms and Conditions, Pay and supporting colleagues through change.
- 5.3. Recognising the practical difficulties of having no obvious lead designate in this scenario, the Shared Service Board invited Essex County Council to support and lead the HR process, providing its insight and experience in transformation projects. Not only has this provided external expertise, but it also provided some independence for those both involved and advising on people issues within the programme.
- 5.4. Starting from the position with an existing Shared HR ICT platform removes a significant barrier and has made solution design less complicated to create and easier to implement. Following a tried and tested Essex County Council organisation design methodology, HR colleagues across the 3 councils were consulted and the majority of HR professionals engaged in understanding the scope, the requirements of each council, in exploring the potential solution and agreeing the proposed approach.
- 5.5. The conclusion was to prepare a business case for a single team providing technical and casework advice to all participating bodies. However, it was considered essential that the solution retains an element of connection and consistency with the individual councils and so the design solution includes an embedded senior business partner

within each council that can both understand the unique organisational challenges, provide a conduit for service delivery and help to tailor the future direction.

5.6. In arriving at this proposal, a number of options were considered and discounted. The many alternative solutions were:

Option 1 - Centralised with Local Business Partners (Recommended option)

- Each organisation has its own locally managed Business Partner. The remainder of capabilities are centralised into a single unit. These capabilities will work across all 3 organisations. Together all units form a virtual shared service team.

Option 2 – Devolved (not recommended)

- Each organisation has its own HR resource and capacity. All 3 organisations sign up to a core vision and overarching principles and form a virtual shared service. Each Council may perceive a lack of control over centralised resources and efficiencies and resilience are reduced.

Option 3 -Fully centralised (not recommended)

- All HR Resource and Activity for all 3 Organisations is managed in a single Shared Service unit. All capabilities will work across all 3 organisations. Dedicated Local Business Partners will work with each of their organisations to tailor delivery from the centralised shared service. Prioritisation for resource from centralised pool could cause challenges. Potential difficult links between different the 3 Councils remain in place. Disconnect between Business Partners and centralised resource.

5.7. The Pros and cons of the proposed model, subject to the Full Business Case (FBC), are as set out below:

Pros

- Efficiencies identified in centralised resource pool.
- Consistent policies and standards can be applied across all 3 organisations.
- All 3 Councils have a perceived level of control with managing their own business partners.

Cons

- Prioritisation for resource from centralised pool could cause challenges.
- Potential difficult links between the different Councils remain in place.
- A disconnect between Business Partners and centralised resource.

5.8 Next steps for HR include developing a full business case for presentation to the Board in the next few months, followed by consultation and with an expected 'go-live' in April 2025

6. Revenues and Benefits

- 6.1. Mirroring the starting position of Human Resources, there was no situational driven necessity to considering a solution for Revenues and Benefits, other than it is largely transactional, not particularly location specific and has a sizeable workforce. It therefore has potential to benefit from strengthened resilience, smarter working and efficiencies, and so is considered under the umbrella of the Shared Services Programme.
- 6.2. However, it is recognised that it is different to the other service being considered in that it sits somewhere between Back Office and being a Customer Facing service, and often has elements of Customer Services entwined within it. Between Colchester City, Braintree District and Epping Forest District Councils there are also 3 separate ICT systems being used to deliver the service and this represents the main obstacle to a combined solution. Given the large volumes of data held in these systems the cost of change is high, and so before embarking on this strand of the programme there needs to be a high degree of certainty that combining the service will generate sufficient efficiencies to payback the investment.
- 6.3. To date this work has been focussed on establishing a greater understanding of the potential costs and risks of moving to the single ICT system as referenced above. This work has been presented to the Shared Services Executive Board and it is clear from the Outline Business Case (OBC) that a shared service will offer benefits to all partners and any potential future partners but there is more work to be done to develop a Full Business Case that captures all risks and the likely benefits of different options.
- 6.4. Following the recent discussion of the OBC, work is now underway to develop the full business case for this workstream. The FBC will need to include detailed and technical understanding of system requirements, including interdependencies with other parts of each of the organisations involved. It will also consider the potential options for structures of a shared team, the implications for each organisation's customer strategy and the requirement for scaling the service in future.
- 6.5. This work will be undertaken through quarters 3 and 4 of 2024/25; working closely with the Revenues and Benefits teams in each organisation and other impacted services, including Customer Services functions and ICT teams.

7. Delivery Methodology, Governance and Practical Considerations

- 7.1. As work progresses to align delivery between initially two or three councils, with HR seeking to move first, consideration has shifted to practical considerations, such as the structures required to manage and direct the combined workforce, decision making, budget setting for the arrangement and how investment and savings arising will be shared
- 7.2. In relation to the management structure or vehicle, there are various examples in use across local government. Some of these are mirrored in existing local Essex partnership arrangements and will be familiar to partner councils.
- 7.3. Broadly, the options considered by the Board included a LATCo owned by the partners, a single host authority running all the shared back-office services or a

different council each taking the lead for delivering a functional element of the Shared Services. The option of leaving all staff in situ (under their existing employer) was discounted as the necessity of a single management and resource direction structure requires that all members of a professional function must report through a single reporting line, or risk being directed by their host employer to the detriment of delivering partnership objectives.

- 7.4. Of the options considered, both the LATCo and single host authority model were initially favoured because of clarity and visibility over reporting lines. This is an approach commonly followed elsewhere. This would necessitate all staff being TUPE transferred into a single employing organisation which would then become responsible for the delivery of services to the partner organisations.
- 7.5. Such arrangements have the advantage of clear lines of accountability and scalability and also remove potential concerns about staff in different organisations having different terms and conditions.
- 7.6. However, it is considered important that all partner organisations feel ownership over the delivery of shared services and are not simply recipients of the services provided. In essence, buying services from a provider changes the nature of the relationship from one where staff feel invested in the objectives of the organisation to a relationship that feels like client and contractor. In the latter, the concern is that staff delivering the services in the contractor organisation will develop loyalty and share the objectives of that employer organisation and cease to be invested in the objectives of the council. It is recognised that much of the good work done by colleagues in support of each council's objectives is because they share, help develop and feel passionate about the delivery of the council's goals. It is also the case that a number of these larger shared service 'companies' have been disbanded in recent years.
- 7.7. It was also recognised, based on some previous experience of council companies, that a stand-alone or arms-length organisation often develops independence, its own culture and its own brand over time. As noted from other such arrangements, this has the potential to create division between the client and contractor organisations, leading to distrust, criticism and perceived underperformance which may destabilise the partnership and may potentially lead to dissolution. Additionally, a standalone entity will probably require its own managing director, a Board, governance and administration arrangements. This will inevitably have a cost which will be borne by the partner authorities and dilute the efficiencies achieved through the arrangement.
- 7.8. Having considered the relative strengths and weaknesses of each approach, the Executive Programme Board concluded that avoiding creating a stand-alone organisation with its own identify should initially be an objective of the recommended solution, but that this could be revisited and reviewed depending on the success of this approach or if became a barrier to expansion.
- 7.9. The solution proposed is therefore for each council to lead on the provision of one or more shared services. The lead council would receive all employees of the respective service via a TUPE transfer and become the host authority for delivery of the service, using an agreed standardised set of terms and conditions. Each structure is expected to be led by a single professional lead for this area service

provision. This largely mirrors existing arrangements for those services within the current scope and so is not expected to add significant additional cost. It is important to note, that the lead provision by a single council does not necessarily mean the physical relocation of the individual staff in this service area. Each service will need to consider working practices and locations that suit according to business need.

- 7.10. Although individual service area delivery is proposed to be hosted across each of the three councils, it is an immutable point that this is a shared endeavour and therefore needs proportionate governance arrangements wrapped around it so that the partnership can be collectively steered on matters of strategy, operational matters and financial matters, including budget setting and the distribution of costs and savings.
- 7.11. It has also become clear that future decision making will require a governance framework that brings together the political leadership of partner organisations and streamlines the processes of decision making, and this requirement is likely to increase if shared services expand to other Councils.
- 7.12. It is anticipated that a Joint Committee with delegated authority from the respective councils would enable more effective decision making and for matters of potential disagreement to be better understood and collectively resolved. It would also act an independent democratic vehicle to monitor performance and set budgetary parameters for operational matters without reference to the member authorities. The terms of the Joint Committee are still to be drawn up but would be expected to include a membership made up of elected members with appropriate officer and administrative support. In terms of functions, these will need to be agreed but will include a list of delegations and reserved matters, which can only be agreed by the separate, unanimous resolution of the partner authorities.
- 7.13. Creation of a Joint Committee will be a sovereign decision for each council and is expected to require a resolution from each partner authority to enable its creation and for the powers which each council is prepared to delegate. When a working draft exists, this will be presented to each partner council for consideration and approval and shared with all North Essex Councils to ensure it was fit for purpose for shared service opportunities to be scaled-up for other Councils in future
- 7.14. Finally, it is worth noting that draft proposals for a Greater Essex Devolution deal discussed during 2023 included recommendations to create a joint committee of North Essex Councils that would have set shared strategic objectives for growth and would have had nomination rights for district representation on any future County Combined Authority. The Government has recently committed to publish the English Devolution Bill which may provide an opportunity for this work to progress at pace, so it will be important for North Essex Councils to consider whether stronger collective governance should be put in place sooner rather than later.
- 7.15. If Braintree District, Colchester City and Epping Forest District Council decide that a joint committee is required for the purposes of shared services, it will therefore be essential to maintain a dialogue with other councils in North Essex and to explore the opportunity for the functions and procedure rules of any Joint Committee (JC) to be

drafted in such a way that the JC could serve a wider purpose on behalf of all North Essex Councils if they chose to become members.

8. Terms and Conditions and Pay

- 8.1. All options involve the transfer of some staff and whilst the centralisation of staff removes some of the pay discrepancy risks concerning individuals being paid different rates for carrying out the same tasks, there are still marked differences between rates of pay between partner organisations and unless resolved that would create tension between employees over location.
- 8.2. The solution proposed is a standardised pay-scale and universal set of terms and conditions which will apply to all staff who are part of the shared service provision. This will remove the risk of different individuals, undertaking the same roles, being paid different sums because of where they are located, irrespective of professional stream.
- 8.3. The Terms and Conditions which are proposed to apply have been joint designed by the Human Resources workstream through the comparison of each council's individual arrangements. Much commonality exists between existing versions used by each of the three councils, but inevitably there are some variations which will need to be addressed. Throughout, and true to the ambitions of making working in a shared service area attractive, the guiding principle has been of adopting the most generous condition out of the 3 sets. Where a change is experienced by an individual, it should always therefore represent an improvement on current arrangements.
- 8.4. Issues such as the detailed arrangements for pay, terms and conditions and pay protection are yet to be agreed and, before coming to partner councils for agreement, will need to be formally consulted with Unions and Staff Sides (where recognised). Under Pay Policy Arrangements, it is expected that the harmonised set of arrangements will need to be agreed by each partner authority individually.
- 8.5. Whilst discussion of changes to pay and terms and conditions are inevitably concerning to those impacted by these proposals, it should be stressed that the principal drivers for considering the sharing arrangements is the difficulty in attracting and retaining experienced and qualified staff. Any policy or arrangements which disadvantages existing colleagues will have an immediate detrimental impact on these objectives. Whilst not necessarily apparent now, it is a belief that that the larger professional structures created by these arrangements will offer those currently working in these areas more opportunities, potentially larger, better remunerated roles to fill or aspire to, more capacity and less pressure. Key to the core aims, the objectives are intentionally to make colleagues feel valued and rewarded in their roles and the communication of this is an important aspect of the programme design.

9. Rationale

- 9.1. All councils are facing increasing financial challenge, and this creates a necessity to continually look for efficiencies and transformation. Yet despite this, and as has been

emphasised throughout this paper, the purpose of this proposed development of shared service arrangements has not been driven by financial savings.

- 9.2. It has been recognised, in developing these proposals, that not being properly advised and supported also has a cost. This may be from increased costs of using temporary staff, or in not having the skills and capacity necessary to deliver transformation, or in not being well advised in decision taking. These represent both visible and invisible costs, yet they are still real costs to the organisation.
- 9.3. The thrust of this programme is thus about achieving resilience, developing skills and building capacity in back-office services.
- 9.4. Mindful of this, the respective authorities have deliberately avoided building savings targets from this work into future years budgets. The rationale being, that to set targets without first understanding what the solution to capacity problems looks like, means that the solution would be designed to the savings target and not to solving the problem.
- 9.5. Despite this statement all councils in the Partnership, and in North Essex, clearly understand that the current structure of local government has inherent duplication built into it and this is an avoidable cost, at a time where there is considerable pressure to reduce cost.
- 9.6. So, whilst not a principal driving factor, there is a clear expectation that removing duplication will deliver cashable financial efficiencies over time. It is also expected these will increase and be captured as duplications continue to be eradicated as the services become more deeply entwined. It is expected that further incremental savings could be achieved if further partner authorities join the arrangements.
- 9.7. It is recognised that for many, the success of the arrangements will be measured not just by the effective delivery of core services but also by the reductions in costs. Each stream is therefore baselining existing costs and designing costed structures with the specific aim of testing the belief that aligned structures will be more efficient than the current arrangements.
- 9.8. The implementation of any shared service arrangement will be dependent on a business case, to support the change. There is a clearly stated and understood expectation that where a shared arrangement is proposed there should be tangible and measurable benefits that support all parties entering into the arrangement. Furthermore, this expectation is strongly underpinned by a minimum expectation that the arrangements should cost no more than current arrangements.
- 9.9. Proposals for sharing gains were developed at the outset of exploring sharing conversations more than a year ago. With the expansion of the scope and a better understanding of the expectations each partner authority has from the arrangements these now need to be revisited as part of the next stage of works, and before entering any formal arrangements around specific services.
- 9.10. Whilst this report sets out a series of parameters for decision making, the actual Business cases for each of the main proposed workstreams are still in development. Permission to proceed is predicated on these parameters being met.

- 9.11. Finally, there is a tacit assumption built into the development of proposals that all partner authorities participating in the arrangements should benefit from them. There is no expectation that any council entering the arrangements should do so at cost to their respective taxpayers or subsidise those of another council area.

10. Summary and Conclusions

- 10.1. There is a clear agreement amongst the partners that the sharing of support services is essential to ensure that effective organisational support can be delivered in the face of wider sector challenges.
- 10.2. Good progress has been achieved over the past 12 months to exploring the optimum arrangements for delivering shared services for each workstream.
- 10.3. It is apparent that the optimum arrangement for delivering each service is heavily influenced by each organisation's starting position. This includes capacity challenges, ICT platforms and current cost. The relative position, opportunities and barriers to change are all identified as significant factors in determining the relative speed of delivering a shared solution for the initial entrants.
- 10.4. In the absence of a centrally imposed solution, there is no single blueprint solution that will work for all services, due to the dependency of the factors identified in the previous point and the need for all partners to be satisfied that the solution meets their individual, sovereign, requirements.
- 10.5. Local Government has often been historically guilty of not recognising that we are more similar than different and has used the differences as a reason to develop solutions in isolation at a higher, or duplicated cost. There is now a greater recognition that with ever more limited resources each council needs to better target these into solving unique forward-facing issues and not in perpetuating the disparate landscape of standalone back-office solutions. Most standard solutions would be adequate for most councils, and tailoring these for minor perceived differences comes at a disproportionate cost to the benefit.
- 10.6. The optimum standardised solution requires compromise on the part of all organisations involved and the degree of compromise conceded will ultimately determine the degree of efficiency achieved through the arrangements.
- 10.7. Standardising on a single ICT platform can be a costly and time-consuming barrier to achieving shared partnership arrangements. However, once overcome it should provide a scalable solution reducing barriers to entry by future partners.
- 10.8. Finance and ICT are moving towards shared structures. This process started more than 12 months ago with shared service leads and teams will continue to be integrated over time using a design methodology and similar approach to staffing structures as introduced and as used by HR (approach provided by Essex County). Initially this work is focusing on Colchester and Epping, but with Braintree being involved in key decision making to ensure no obstacles exist to convergence at a later date. A high-level anticipated timeline is contained within this report setting out

the plan for integration, but delivery of full integration is dependent on business case sign-off and delivering a single version of key ICT solutions.

- 10.9. The HR workstream is able to move forward faster as they already share a common platform, (acknowledging some differences in how it's used). It is proposed to make a single move into a common structure by the start of FY 2025/26, following key decisions being taken and consultation being completed.
- 10.10. The preferred design builds on shared professional experts sitting in the centre with forward facing organisational leads being embedded in each council acting as a key conduit for service delivery and quality control. This embedded organisational lead will also provide a visible and consistent face to the shared service.
- 10.11. To ensure that all councils are fully invested in the ownership and delivery of the partnership objectives, each council will host at least one service. Not only does this ensure all partners are engaged, it also prevents creation of a separate identity for the delivery vehicle and, as colleagues as opposed to contractors, delivery meets the needs of the partners via a shared understanding of purpose.
- 10.12. Staff in each specialist field will, following consultation be expected to TUPE transfer to a host council, with all staff involved in the delivery of Shared Services moving to the same common Pay structure and Terms and Conditions.
- 10.13. A Joint Committee may need to be created with suitable delegations to oversee, direct and agree parameters for the Shared Service arrangements.
- 10.14. The proposals are not driven by financial savings, although it is anticipated that these will be achieved, particularly as the programme begins to scale up in future. The main driver is resilience and capacity in professional areas which have seen proportionate and opportunistic reductions in the face of budget challenges. For this reason, financial savings targets have not been set, instead it is expected that the design work and business cases will identify optimum structures and the savings, or options that exist to maximise these.
- 10.15. The greater the level of standardisation and harmonisation, the greater will be the potential for savings to be delivered.
- 10.16. Financial evaluation of the proposed solution using a standardised approach will be a precursor to agreement to move into a sharing arrangement. Any upfront investment will be accounted for as part of the financial evaluation with a clear expectation that there should be a reasonable payback period.
- 10.17. No partner is expected to enter any arrangement at a net cost to themselves or their residents.

11. Financial Implications

- 11.1. Thus far the financial implications have been shared between the councils involved using existing budgeted resources, commitments to existing technology replacement programmes and through provisions made for transformation programmes. Therefore, costs have been largely kept to a minimum and managed within existing provisions and budget allocations.

- 11.2. An external project management lead resource has now been engaged to move the project forward and each partner council will share in this cost.
- 11.3. The identification of future costs will be through the process of developing business cases and will be subject to future governance arrangements

12. Risks

- 12.1. The high-level risks associated with the programme and mitigations are identified as:

Risks and Impacts	Mitigations
Service Impact - Programme design and implementation at service level creates considerable additional workload on already stretched teams, impacting delivery of core activities.	Consideration of backfill, secondment or external resources to supplement day to day activities or specific projects
Cost - Whilst design is being managed largely within existing budget, transition and system alignment may have significant cost.	Understanding of costs and payback are core elements of business case development and decision making
Impact on Staff – Uncertainty over the implications of the programme for the workforce may result in the loss of key skilled individuals.	Engagement, involvement and regular comms are integral parts of the programme to share understanding and allay fears.
Timeline – Harmonisation and integration can take significantly longer where systems aren't aligned or the process is complex, leading to delayed achievement of benefits.	Board level focus on timelines and delivery and appropriate intervention where required.
Scope – changes to project scope, objectives or scale may create delays in achieving project objectives.	Awareness at Board level of relative benefits and impacts of changes to scope in decision making.

13. Future Key Dates and Decisions

- 13.1. The report sets out the work undertaken to date and presents direction of travel. Endorsement is now sought that this meets partner's aspirations for the programme before work continues to deliver the physical and structural changes necessary to bring the shared arrangements into being.
- 13.2. Subject to endorsement from each of the partner, the next steps depend on permission to proceed in certain key areas, and these require additional work to produce the assurance necessary to satisfy the appropriate decision-making bodies.
- 13.3. The anticipated future decisions sought are:
- Creation of a Joint Committee and Delegations
 - Host Authorities for Service Areas and TUPE
 - Shared Services Pay Scale and Terms and Conditions

14. **Legal and Governance Implications**

14.1. None contained within this report.

15. **Safer, Cleaner and Greener Implications**

15.1. None.

16. **Consultation Undertaken**

16.1. None

Background Papers

Group Company Governance Document – Cabinet 6 February 2020