

MEETING:	SCHOOLS FORUM
DATE:	2 MARCH 2011
TITLE OF REPORT:	SHARED SERVICES - UPDATE
REPORT BY:	CORPORATE PROGRAMMES AND SHARED SERVICES LEAD OFFICER

Wards Affected

County-wide

Purpose

To note progress in the development of the Shared Services project.

Recommendation

THAT: The update on the Shared Services project and the involvement of the Schools Forum in development of shared services offering for Schools is noted.

Introduction and Background

1. Over the past 18 months Herefordshire Council, NHS Herefordshire (NHS) and Hereford Hospitals Trust (HHT) have been working closely to develop an innovative local partnership to bring corporate support functions together in the Herefordshire Shared Services project.
2. A number of key principles underpin the Shared Services project, these include:
 - Making local public services more joined up, customer focused and responsive, so they are easier to understand and access;
 - Maintaining a strong sense of place for Herefordshire;
 - The need to secure greater efficiencies and provide value for money; particularly in light of the outcomes of the Comprehensive Spending Review;
 - Increasing the quality, responsiveness and sustainability of services against a background of increasing demand.
3. The scope of services included in the Shared Services programme are:

Finance	Procurement
ICT Services	Human Resources
Payroll and Expenses	Asset Management and Property
Transport	Revenues and Benefits
Legal	Audit

Further information on the subject of this report is available from
Mike Teale, Corporate programmes and Shared Services Lead Officer on (01432) 383678

4. Following the decision to develop a shared services partnership, a comprehensive appraisal of the business case and the delivery options for the project has been undertaken. On the basis of this work the partners agreed to pursue a “multi-sourcing” approach with services being grouped and transferred into a shared provision in the most appropriate model. The multi-sourced model includes the provision of a number of support services by a new Joint Venture Company (JVCo).
5. The legal advisors have confirmed that a JVCo, wholly owned by the three partners, best meets the requirement of the partners. This approach has been approved by the Shared Service Board and by the Chief Executive (Hereford Hospitals NHS Trust) and Deputy Chief Executive (Herefordshire Council / NHS Herefordshire) on behalf of the partners. All three partners have now agreed to set a fully owned Joint Venture Company in order to deliver Shared Services to customers starting from April 1st 2011, resulting in reduced back-office costs and greater efficiencies.
6. The scope of services to be included in the JVCo is: Finance, Procurement, ICT Services, Human Resources, Payroll and Expenses and Revenues and Benefits. Options appraisals are being undertaken for the remaining services in scope.
7. The benefits following full implementation are expected to be in the region of £4.3m per annum.
8. A paramount consideration will be ensuring that the requirements of other organisations who themselves may take advantage of services offered, such as schools, GP consortia and front line service staff, are captured and reflected in defining and developing the services. The engagement with prospective clients and ensuring their needs are met and services are tailored to achieve this has been given highest priority by the Shared Services Board. An initial meeting has been held with the Children’s and Young People’s Directorate to explore the development of an integrated traded service catalogue for Schools. Further meetings are scheduled to complete the development of this proposal.
9. The implementation of Shared Services will deliver improved quality, efficient and effective back office support to front line services across the three partner organisations; releasing savings to deal with future financial constraints and/or for reinvestment in front line services; and will protect jobs and investment in the County in the future. In particular, the preferred options provide an opportunity for the partners to provide those services to other public services providers in Herefordshire in line with the ‘localities’ agenda.

Financial Implications

10. Following a detailed review and assessment of the business case, The full Council was advised in November 2010 that it is projected that shared services will deliver a net return of £1.7m in 2011-12 rising to £4.3m in 2016/17. This amounts to savings of £33.3m over 10 years. The £4.3m in recurring savings are projected to commence from 2016/17. The investment being made in Shared Services is expected to break-even in 2011/12. Customers of shared services will benefit from a reduction in the cost of back-office functions.

Legal Implications

11. These were set out in the report to full Council in November 2010. The evaluation of the multi sourced model proposed included an appraisal of the legal issues in relation to each available

option for delivery. It is within the vires and powers of each partner to adopt any of the four models that will form the basis of the multi-sourced approach.

Risk Management

12. Risk management arrangements are in place in relation to the shared services programme.

Consultees

13. Consultations have commenced and will continue to take place during the Shared Service implementation with Members, Directors, and Heads of Service, Service Managers, staff, Unions, non-executive directors (NHSH and HHT) and partners. A comprehensive communications strategy has been developed to support this work going forward.

Appendices

None

Background Papers

- Agenda papers and Minutes of Cabinet held on 21 October 2010 and Council held on 19 November 2010.