

I refer to the agenda for the meeting of the Policy & Resources Committee to be held on Tuesday 15 December 2009 at 2 pm and attach reports as undernoted which were not available on the day of issue together with a report which the Committee may wish to consider as an additional item.

ELAINE PATERSON
Head of Legal & Administration

Undernote:

3. **Protection Arrangements**
Report by Head of Organisational Development & Human Resources
6. **Clyde Valley Community Planning Partnership - Review of Joint Working and Shared Services**
Report by Corporate Director Improvement & Performance

The documentation relative to the following items has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information being that set out in the paragraphs of Part I of Schedule 7(A) of the Act whose numbers are set out opposite the heading to each item.

7. **Release of Employees under the Council's Severance Scheme and Update on Voluntary Severance Trawls** Para 1
Report by Head of Organisational Development & Human Resources requesting the release of a number of employees under the Council's Severance Scheme and providing an update on current and future voluntary severance trawls.
8. **Reprovisioning of Ravenscraig Hospital: Elderly Mental Infirm Provision - Disposal of Kempock House Site, Gourock** Paras 6, 8 & 9
Report by Corporate Director Regeneration & Resources seeking authority to sell the Kempock House, Gourock site which is integral to the Council's and NHS's joint procurement exercise to meet the current and projected needs of Inverclyde residents with long term mental health problems.

Additional Item:

Fairer Scotland Fund - Post March 2010

Paras 6 & 8

Report by Corporate Director Regeneration & Resources on proposals for the allocation of part of Inverclyde Council's General Revenue Grant in 2010/11 to projects perviously funded through the Fairer Scotland Fund.

Enquiries to - **Sharon Lang** - Tel 01475 712112

Report To:	Policy and Resources Committee	Date:	15 December 2009
Report By:	Head of Organisational Development and Human Resources	Report No:	HR/09/09/AM
Contact Officer:	Alasdair Moore	Contact No:	01475 712015
Subject:	Protection Arrangements		

1.0 PURPOSE

- 1.1 The purpose of this report is to recommend a change to existing protection arrangements for Chief Officers, Local Government employees and Craft employees.

2.0 SUMMARY

- 2.1 Due to recent employment tribunal decisions it is considered appropriate that the Council reviews its current arrangements for salary protection.
- 2.2 In addition to 2.1 above the current salary protection arrangements are considered generous, particularly under the current financial climate.
- 2.3 The only risk that can be foreseen if current protection arrangements are altered is where an employee's earnings are dramatically affected, i.e. where a change to existing condition of service – in this case the salary reduction - is significant enough to constitute a material change. Such a change may result in a constructive dismissal case, deduction of wages etc. being made against the Council however, the risk of this is low and should be compared against the risk of potential equal pay claims which are generated should protected arrangements remain in place.
- 2.4 The safest way of implementing any material change to an employee's terms and conditions is to terminate and re-engage with the appropriate notice period.
- 2.5 Discussions have taken place with the trades unions who submitted a report on why protection arrangements should remain in place. The trades unions will not agree to any amendments to the protection arrangements. The trades unions have requested that a paper advising of their position be submitted to the committee, see Appendix 1.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee agree that to sustain a 3 year protection arrangement is not a viable option for the Council for Local Government employees (whose terms and conditions of employment are governed by the Red Book), Craft employees and Chief Officers.
- 3.2 Following on from 3.1 the Committee is asked to agree that delegated authority be given to the Chief Executive and the Head of Organisational Development and Human Resources to consult with the trades unions on reducing the protection period over a period of time for employees and to bring back proposals to the next Policy and Resources Committee.
- 3.3 That where a proposed change to an employee's terms and conditions of employment is required, it is recommended that terminating the existing contract of employment and re-engaging with another contract of employment is the standard procedure to be followed

for employees mentioned in 3.1 above.

- 3.4 That any existing protection arrangements remain in place until the agreed expiry date, e.g. for Single Status and for individual cases.

Head of Organisational Development
and Human Resources

4.0 BACKGROUND

4.1 The Council currently have the following protection arrangements for employees.

Local Government Employees and Craft Workers

1. *Restructuring:* Where a restructure has taken place and an employee has been placed in a lower graded post then a 3 year protection period on a cash conserved basis is given. This could include allowances and contractual overtime but not casual overtime.
2. *Redeployment:* Where an employee is redeployed, eg on medical grounds, then no protection arrangements are offered.
3. *Budget Process:* Where placed on lower grade or redeployed to same grade but may lose out on other payment's 3 years protection on a cash conserved basis has been applied.

Note: the above protection arrangements represent local conditions, there is no associated statutory or national condition requirement – with one exception. Employees redeployed on medical grounds – who may be covered by the Disability Discrimination Act (DDA) – are offered the rate for the job which satisfies the DDA Act (where an employee is redeployed as a reasonable adjustment to accommodate a disability there is no obligation to maintain salary levels as such an obligation might be seen to limit the scope for adjustment).

Teachers

Teachers currently receive 3 year's protection under the National Agreement. Promoted postholders appointed before 1 April 2001 get lifetime conservation and pay awards. At this time not aware of any national moves to review this condition.

Chief Officers

Specific arrangements have been put in place when restructuring reports have been submitted to the Council.

Single Status

The Single Status agreement was put in place with protection arrangements for those employees who were red circled – based on basic pay plus bonus - for a 3 year period from 1 April 2007 to 31 March 2010. Protection arrangements are a national red book condition for all employees covered by the Single Status agreement and are not affected by this report.

Where an employee was red circled through revision of allowances then as these changes took effect on the 18 August 2008 (date Single Status introduced in Inverclyde) a 3 year cash conserved protection arrangement was put in place ending on 18 August 2011. Allowance protection arrangements are a local condition however, are not affected by this report ie will run their course.

4.2 One reason why this report is being brought to Committee's attention is due to recent developments in case law. The now well known Redcar and Cleveland Council and Middlesborough Council cases resulted in protection arrangements being deemed inappropriate for those Councils concerned and they had to make significant payments to groups of employees. The Court of Appeal judge ruled that transitional arrangements protecting male workers pay were discriminatory even where measures were put in place to bring comparable female workers' pay up to same level. However, Court of Appeal left it up to Tribunals in each case to determine whether pay protection is justified. There has also been a recent case Hartley -v- Northumbria Health Care on the

matter of pay protection in respect of the Agenda for Change pay & grading scheme which went in the employers favour. Clearly employment tribunals will consider the facts of each case presented on merit however, in such a climate a risk assessment of existing arrangements is clearly justified.

- 4.3 There may be a few occasions where the material change to an employee's contract of employment, either through earnings or changes to their conditions of service may be enough for an employee to claim constructive dismissal but he/she would require to resign before going to an Employment Tribunal. This prospect is considered to be low risk.
- 4.4 There is no consistency across Councils on this matter, however, it is fair to say there is a move towards limited or no salary protection. Many Councils are still in the process of introducing either pay and grading and/or conditions of service. Some are considering not applying three year protection even for the Single Status exercise, e.g. Dumfries and Galloway and Edinburgh City Council. Based on feedback received, no protection arrangements are being given in an increasing number of Councils and a summary of the responses from other Councils is:

No Protection	5 Councils
Up to and including 6 months	3 Councils
Up to 11 months	1 Council
Between 12 – 24 months	5 Councils
3 years	7 Councils
3 years +	1 Council

Of the 22 Councils who responded to our request for information the majority now apply less than the traditional local government period of three years with a further four Councils heading in that direction.

- 4.5 With reference to the Red Book, national conditions, salary protection under paragraph 19 covers assimilation to the new pay and grading schemes only. CoSLA have confirmed this interpretation is correct and are in discussion with the trades unions.
- 4.6 The Council could be faced with a challenge from either an individual or a trade union in respect of any protection arrangements. An example is the Single Status agreement on 3 year protection for the pay and grading scheme which was agreed as part of the Red Book, national conditions.

This was adopted by the Council, and accepted by the trade unions, in good faith and 3 years protection was given to employees who faced a reduction in earnings. The Council now faces Employment Tribunal claims from the GMB and Unison in respect of some of their members and the claim is against the protection arrangements that we put in place to protect other members of the GMB, Unison and other trades unions.

The reason that these claims are being submitted is that the GMB and Unison are adopting a "no risk policy" so that their members do not submit a claim against them but the final position is that the Council now faces claims after acting in good faith for being a good employer.

- 4.7 There is no legal requirement to offer any salary protection, rather it is for an employer to consider independently.

Legal advice sought recently was on a live issue, the Facilities Management review, and in this case the advice from our legal advisers was not to offer protection.

- 4.8 Lessons learned from the Single Status exercise should not be forgotten and where we require making a material change to an employee's terms and conditions then this should be carried out through a formal process. Although salary protection as it currently stands is not an expressed contractual element it has been in practice for so long it can be interpreted as de facto contractual based on custom and practice.

5.0 PROPOSALS

5.1 When considering what recommendations be made to the Committee, the following options were considered:

- Status quo : Retain 3 years protection

The advantage in retaining this includes employee relations and the effect on employees.

The disadvantage to the Council is the risk of equality challenges not just from trades unions, refer to para 4.6, but individuals which could lead to significant additional costs being incurred in the context of the future budget position facing the Council.

- 6 months protection

The disadvantage is that any challenge would be for a lesser amount but the Council could still incur costs. The advantage would to retain some form of salary protection for employees.

The disadvantage is that from the evidence gathered in, Councils are moving to a no salary protection arrangement and we may require revisiting any interim measure.

- No protection arrangements:

The advantage is that the Council has minimum risk of a challenge under equal pay. Brings in best practice and ensures that future costs are not a risk given the impending budget position.

The disadvantage to the Council is that this will affect trades union and employee relations.

5.2 Consideration was given to the options above by the Corporate Management Team taking advice from Organisational Development and Human Resources with the outcome being that it be proposed that a policy of no protection arrangements be put in place

6.0 IMPLICATIONS

6.1 Finance:

As protection arrangements arise through various actions - budget, restructuring, etc, it is difficult to predict any costs.

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments

Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments

6.2 Human Resources: Included in report.

6.3 Legal: There is no legal requirement to have any salary protection.

6.5 Equalities: included in the report

7.0 CONSULTATION

7.1 All trades unions have been issued with a copy of this report for consultation.

Unison, GMB & Unite the Union

Comments on the proposals for the future of Protection Arrangements

1. The Trade Unions are fundamentally opposed to proposals which will result in the withdrawal of the 3 year cash conservation arrangements which have applied where employees are compulsory redeployed for reasons other than ill-health. The protection policy exists to support employees who are displaced following a service restructuring, closure of a facility or reduction of a service due to budget cuts. The purpose of the policy is to provide displaced employees with an opportunity to plan ahead and make the necessary lifestyle adjustments often required when there is an anticipated reduction in earnings. It also allows time to consider alternative employment at the employees' substantive grade. In short protection is a humane and compassionate way of dealing with circumstances when a potential redundancy situation arises.
2. The Council's decision to review current protection arrangements follows two recent judgements handed down by the Court of Appeal in England. In both cases (*Redcar & Cleveland Borough Council vs Bainbridge and Surtees vs Middlesbrough Council*) the court held that pay protection arrangements which were put in place for predominantly male groups of staff after job evaluation were prima facie discriminatory, and on the facts of the two cases, could not be justified. The claimants were female staff who argued that they should be entitled to the benefit of the pay protection since, if they had historically been afforded their right to equal pay, they would have qualified for pay protection. In the Bainbridge case, an ET found that the pay protection arrangements which Redcar had put in place were discriminatory and could not be justified. This finding was then upheld by the EAT. In Surtees, meanwhile, the ET had also concluded that Middlesbrough's arrangements could not be justified, but this finding was overturned by the EAT on appeal.
3. In both cases the Court accepted that discriminatory pay protection arrangements could, in principle, be justified and that the use of protection as a means of 'cushioning the blow' of sudden pay cuts can be a legitimate objective. It just so happens that in the present cases the employers had given no thought to mitigating their continuing discriminatory effect. The effect of both these judgements is **not** that pay protection is in itself unlawful but that in applying protection arrangements employers have to be mindful of the requirement to demonstrate an objective justification.
4. It is also not insignificant that these cases centred on protection arrangements which benefited male employees. Following the implementation of Single Status in Inverclyde and an analysis of red circled posts it appears that both men and women benefited from the protection arrangements alike. It is also the case that in other circumstances in the past where protection has had to be considered – eg. service reviews, budget savings etc – there is no obvious emerging pattern whereby men or women have been the principle beneficiaries. In any event and other than in Single Status (which can be taken as a stand alone exercise) the majority of displaced employees requiring to be redeployed have actually been matched into posts on the same grade, including the current redeployment exercise following the setting of the 2009-2011 budget.
5. Although the detailed legal advice which the Council have received has not been shared with the Trade Unions, it does appear from the report that what in fact has been received is a legal risk assessment. The report acknowledges that claims for constructive dismissal could arise should

APPENDIX 1

protection arrangements be withdrawn just as equal pay claims could arise if the arrangements continue. In assessing the two types of risk the Council's solicitors have, naturally, concluded that the number of potential claims for constructive dismissal are likely to be on the low side and as such probably not too expensive to defend. On the other hand the number of potential equal pay claims could be higher and it follows more expensive to defend. It is unlikely that the advice will have concerned itself with where and in what circumstances claims may succeed as these will be assessed on a case by case basis.

6. Other Councils who are in the process of introducing new pay and grading models are continuing to offer 3 year pay protection in line with the red book national agreement. It raises a question or two as to why some council's are more relaxed about the continuation of protection arrangements when others are not, especially given that the majority of Scottish councils are implementing the same job evaluation scheme.

7. The other curious aspect of the report is the proposal to exclude Teachers and continue to apply either lifetime protection or 3 year protection depending on whether the job sizing of the post occurred before 1st April 2001 or afterwards. The proposal to treat Teachers more favourably than other employees is due to their being a National Agreement in place for Teachers which presumably supersedes the law if we take all aspects of this issue collectively into account.. What other conclusion can be drawn. If protection arrangements are potentially unlawful then they are unlawful for all employees regardless of their occupation. However there is also an argument to be made that the single status implementation agreement prescribes 3 year pay protection and not just for job evaluation.

8. There is also an efficiency issue to be considered. The removal of protection will almost certainly steer displaced employees towards seeking a voluntary severance package rather than redeployment. It would be harder for the Council to argue the case for suitable alternative employment if the salary remuneration was lower than the employees' substantive earnings. Depending on the circumstances the cost of voluntary severance can be considerably higher than the cost of 3 year pay protection.

9. Finally, if the Council do withdraw protection arrangements then the Trade Unions may seek recourse to an ET. Given the length of time protection arrangements have been in place it could be argued that they represent an implied term and condition of employment. Should the council unilaterally change the position then there could be a claim for breach of contract.

Report To:	Policy and Resources Committee	Date:	15/12/09
Report By:	Corporate Director Improvement and Performance	Report No:	POL/56/09/PW/MMcK
Contact Officer:	Miriam McKenna	Contact No:	01475 712042
Subject:	Clyde Valley Community Planning Partnership Review of Joint Working and Shared Services		

1.0 PURPOSE

- 1.1 This report advises members of the publication of the Review of Joint Working and Shared Services commissioned by the Clyde Valley Community Planning Partnership (Appendix 1). It also seeks approval for a formal response by the Council to the recommendations made in the Review.

2.0 SUMMARY

- 2.1 Policy and Resources Committee approved an initial report on 31 March 2009 regarding the decision by the eight local authorities that make up the Clyde Valley Community Planning Partnership to commission a Review of Joint Working and Shared Services.
- 2.2 The Report also outlined a clear position for the Council on future discussions with regard to the development of joint working and shared services - *the Council will only consider committing to joint working or shared service arrangements that are supported by a robust business case which demonstrates that the new arrangement will improve the quality of the service delivered to local people and secure ongoing efficiencies.*
- 2.3 The Review was undertaken by Sir John Arbuthnott – he was supported by a team of officers from the eight local authorities that make up the Clyde Valley Community Planning Partnership.
- 2.4 Engagement took place not only with the authorities who make up the Partnership but with other partner agencies, professional bodies, the private sector and the Scottish Government.
- 2.5 The Review has now been submitted to the Clyde Valley Community Planning Partnership for consideration - the key recommendations include:
- Local authorities and Health Boards should work together to create an integrated health and community care service in each local authority area.
 - There should be an integrated approach to waste management.
 - There should be a single social transport solution.
 - Councils and partners should have a joint and streamlined approach to fleet management and maintenance.
 - A shared roads maintenance programme should be investigated.
 - Property sharing and management in local hubs should be progressed.
 - Councils and partners should seek to develop a joint approach to “back office” services.
 - Joint workforce planning should be pursued.
 - A common charging framework should be considered.

- 2.6 The eight local authorities have been asked to formally respond to the Review by indicating whether they support each recommendation, to provide comment where appropriate, and to prioritise the top three recommendations favoured by them. This should be submitted by 18 December, incorporating comments from local partners where appropriate.
- 2.7 Inverclyde Council broadly welcomes the Review and believes that a number of the recommendations are worthy of further development. There are three work streams which it is recommended that the Council prioritise and actively support, whilst a watching brief should be kept on the remaining suggested work streams for possible future involvement.
- 2.8 Although the Council should consider engaging in further activity relating to a number of the recommendations it should also, as requested, prioritise those three areas where it would be prepared to actively support further development work – these are:
- Waste Management
 - Shared Roads Maintenance
 - A Single Social Transport Solution
- 2.9 In line with the position agreed by Policy and Resources Committee in March a full business case would require to be agreed by members before the Council would enter into any new arrangement.
- 2.10 It is also important to ensure that any future developments do not conflict with programmes of work already initiated by the Council, for example the implementation of asset management proposals or the Future Operating Model.
- 2.11 In addition given the financial challenges facing the Council over the next few years, consideration will also need to be given to the potential opportunity cost to the organisation of diverting officers from activities locally which are intended to help deliver savings.
- 2.12 The Council is also engaging with other local partner agencies to establish their perspectives on the Review and to establish if there are opportunities to pursue closer working at a local level.

3.0 RECOMMENDATIONS

It is recommended that the Committee:

- a. consider and comment on the recommendations set out in the Review; and
- b. approve the formal response to the recommendations of the Review in 6.0 and agree that it should be submitted to the Review Team by 18 December 2009.

Paul Wallace
Corporate Director
Improvement and Performance

4.0 BACKGROUND

4.1 Sir John Arbuthnott was commissioned by the Clyde Valley Community Planning Partnership in March 2009 to lead an independent review of joint working and shared services. The remit of the Review, while aiming to minimise any detrimental impact on citizens, was to:

- Review existing shared service initiatives and joint working,
- Prioritise service areas most likely to deliver improved services and savings,
- Identify opportunities for further development of shared and joint working, creating practical options,
- Identify potential approaches to deliver shared services; and
- Develop a framework or 'roadmap' to assess the potential for sharing and improvement.

The Review had a broad remit and was to consider shared infrastructure and frontline services as well as support services such as finance and information technology.

4.2 Local authorities and other public agencies are facing significant financial challenges over the next few years – the Review included consultation and agreement with a wide range of partners about the potential to share services or work more effectively together.

4.3 At Policy and Resources Committee on 31 March 2009 the Committee agreed that the Council should engage positively with the Review. However, the Committee also agreed that the Council would only consider committing to joint working or shared service arrangements that are supported by a robust business case, which demonstrate that the new arrangement will improve the quality of the service delivered to local people and secure ongoing efficiencies.

4.4 The Committee further agreed it was important that individual authorities focus on improving the operational effectiveness and efficiency of their own services prior to any specific discussion with regard to joint working or shared services.

4.5 Finally, the Committee agreed that ultimate accountability for the delivery of services within Inverclyde must remain with the Council regardless of the nature of any new service delivery arrangement that may be put in place. Any discussion on the development of joint working and shared services should cover not only the services provided by local government but also those delivered by other public agencies and the Scottish Government.

4.6 This position was formally communicated to Sir John Arbuthnott and the other seven authorities who took part in the Review.

5.0 KEY MESSAGES

5.1 The key messages from the Review are as follows:

1. The current and future financial outlook has transformed how Councils approach the issue of shared services and how they manage their resources.
2. The Clyde Valley Community Planning Partnership had the foresight to commission this review when the financial picture was emerging. Urgency is now required in how they address the financial squeeze. They cannot afford to continue as they are and things cannot remain the same. They must act and they must do this together as they go forward.
3. The financial squeeze is not the only challenge the eight local authorities must deal with.

They also face:

- Demographic changes which place a greater and different demand on their services,
- An infrastructure that needs investment; and
- Workforce planning challenges which need flexible, agile and trained staff.

4. The Review focuses on what they local authorities and other public agencies can do to share services – however, it also flags up that they need to;

- Revisit current priorities, with partners and with Government, and make sure they are focusing on the right outcomes for their communities.
- Continue to make budget savings and squeeze assets and resources.
- Stop doing some things and find a consistent way of deciding how and where to do this.
- Raise income, initially though increasing fees and charges and dealing with surplus assets when the market is more buoyant.

5. The eight local authorities cannot deliver this reform alone - they will need the support of the Scottish Government and UK Government to deliver this agenda. This will mean being clear about current priorities and what can be afforded, providing legal and other expert support and finding innovative approaches to investment.

6. Reform in the Clyde Valley will not address the issue across Scotland, although it may show the way. It is for the Scottish Government to set that vision if wider reform and sharing is to be driven across Scotland.

5.2 The Review sets out a possible vision of joint working and shared services and some of the initial steps that would be required to deliver such a vision – it also proposes a flexible approach that would allow authorities to deliver this vision together, tackle some or all of the suggestions and develop an integrated approach.

5.3 The key messages set out in the Review are broadly reflect the position statement agreed by the Council, particularly around the need for effective engagement by the Scottish Government and other public agencies, the need for upfront investment and changes to legislation.

5.4 More recognition should have been given in the Review to the need for upfront investment to actually develop and implement the recommendations. In light of the financial challenges facing the Council over the next few years, consideration will need to be given to the opportunity cost of diverting officers from local activities designed to help deliver savings locally.

5.5 The timeline outlined in the Review does appear ambitious given the volume of work involved to take any of the recommendations forward will be substantial.

6.0 **Proposed Response**

6.1 The following section sets out a proposed response to the recommendations of the Review.

6.2 **An Integrated Health and Social Care Service**

Recommendations:

- A time limited consortium involving all eight authorities and the two Health Boards is established to consider and report on the most cost effective and sustainable way of providing these services in the Clyde Valley

- Each Council and its respective Health Board works to create an integrated health and community care service. This should evolve from the community health and care partnership model.

Inverclyde Council is developing a Community Health and Care Partnership (CHCP). It would be useful to participate in the proposed consortium as it seeks to develop a cost effective and sustainable model, learning from other authorities, but also being able to shape the way ahead across the Clyde Valley. There is however a question around whether a year would be long enough for the consortium to be able to develop an approach and report back to the CVCPP.

It is recommended that the Council, in light of work underway locally, support but do not prioritise this work stream.

6.3 An Integrated Waste Management Approach

Recommendations:

- The eight authorities agree a Clyde Valley wide solution to the issue of waste management with the Scottish Government. This includes:

Agreeing the use of the two waste management facilities being commissioned by Glasgow and North Lanarkshire Councils

A Clyde Valley approach to meeting the zero waste targets and minimising the penalties paid by any one Council with consideration of the recycling targets and how they are met and what practices will need to be standardised to use the existing or planned plant.

The future financial penalties associated with not meeting waste/recycling targets across Scotland mean that this work stream could be highly beneficial in the long term for Inverclyde.

Additionally the prohibitive costs associated with building waste treatment plans, e.g. incinerators, mean that the Council will have to work in partnership with other authorities if it is to work towards meeting its targets.

It is recommended that the Council support and prioritise this work stream.

6.4 A Single Social Transport Solution

Recommendations:

- With the assistance of SPT, Councils should consider and refine an outline business case to establish a CVCPP wide social transport service
- As part of this, or in the interim, Councils should work with SPT to:

Pilot the improved scheduling of current social transport to reduce the amount of 'down time' for vehicles and drivers in each local authority

Better co-ordinate socially necessary transport e.g. dial a ride and ring and ride services, providing a better overview, particularly across neighbouring authorities where services can cross boundaries

Improve the use of the school bus service across council boundaries

Improve the standardisation of vehicle design and procurement for social transport

Assistance from SPT could help to streamline transport scheduling across each local authority and should be explored. The authorities in Ayrshire are piloting this approach and the software package that assists with scheduling. Better scheduling could lead to better value for money for the service, and potential savings in fleet if fewer vehicles would be required to meet needs.

The Council has already considered a number of issues with regard to this work stream as part of the Fleet Review which was approved earlier this year, including engagement with SPT.

It is recommended that the Council support and prioritise this work stream.

6.5 **Joint and Streamlined Fleet Management and Maintenance**

Recommendations:

- The eight councils work together or individually with their partners and Scotland Excel, to jointly procure or improve the procurement of non specialist vehicles such as light vans and cars
- Work towards joint provision of vehicle maintenance for both the specialist and non specialist vehicles. In spite of geographical challenges this may be suitable across the eight councils or of benefit in smaller local authority groupings or with partners in a single local authority boundary.
- Consider the sharing of fleet and this may be for initial consideration in the context of the recommendations regarding social transport above, or waste management and roads maintenance.

The Council has already considered a number of issues with regard to this work stream as part of the Fleet Review which was approved earlier this year.

It may be appropriate to consider opportunities locally with other public agencies, e.g. Strathclyde Police, Strathclyde Fire and Rescue and the Ambulance Service who all house vehicles in Inverclyde. It could be possible to develop a depot which would be capable of servicing a wide variety of partner vehicles, allowing for the costs of purchasing equipment or specialist skills to be spread across more than one organisation.

The sharing of fleet and maintenance could be challenging across more than one authority area and will have to be carefully considered. Geographical constraints are likely to encourage a regional solution between smaller groups of authorities and their local partners.

The Council is currently developing proposals as part of its Asset Management Strategy that will provide new depot accommodation – it would not be appropriate to delay these proposals further to allow this work stream to be explored further over the next two years.

It is recommended that the Council should support but not prioritise this work stream.

6.6 **Shared Roads Maintenance**

Recommendations:

- Roads maintenance and its specialist services can be adapted to a shared service model and there are benefits to be gained between smaller councils and across the larger group of the Clyde Valley
- In the interim, as a first step I recommend that the eight Councils should look at pooling and sharing expert staff in the context of a joint workforce planning strategy.

Given the challenges that exist with regard to roads maintenance across Scotland it will be important to develop new models of delivery which can help maintain and, where feasible, improve services in the challenging financial environment . A shared service model could be of benefit, whether across all eight authorities or within smaller sub-regional groupings, e.g. Inverclyde, Renfrewshire and East Renfrewshire.

Currently all local authorities in Scotland are working together on an asset management project for the whole country, dealing with the full statutory service, including roads, lighting, structures, drainage etc. There is a project, paid for by all local authorities and supported by a consultant, which will produce a prediction of spend for a variety of scenarios in regards to roads, e.g. how much it will cost to keep the roads in their current state, what the impact of keeping spending at its current level would be etc.

Councils also share the Scottish Roads Maintenance Condition Survey, and are always alert for other ways in which they can share services or work jointly in regards to roads.

It is suggested that the results of the work already underway should be used to inform any approach to a roads shared service, and that the Council support the exploration at an early stage of new models of delivery.

It is recommended that the Council should support and prioritise this work stream.

6,7 **Property Sharing and Management in Local Hubs**

Recommendations:

- Each Council develops a robust asset register as a matter of priority
- Each Council and its partners develop joint asset registers and begin joint planning, management and property sharing
- The merit of other Clyde Valley Councils exploring with Glasgow how they may market select properties through Glasgow's arms length arrangement for surplus property.

The Council has developed detailed asset management proposals in conjunction with a number of local partners which are the subject of a separate report to this Committee – these proposals include the development of shared accommodation across a number of public agencies for both operational and support services.

This approach will be further developed in line with the ongoing development and implementation of the Future Operating Model. It would not be appropriate to delay these proposals further to allow this work stream to be explored further over the next two years. The Council could not support any proposal that would involve the transfer of control of any assets to another organisation outwith Inverclyde.

It is recommended that the Council, in light of work underway locally, should support but not prioritise this work stream.

6.8 **Developing a Joint Approach to the 'Back Office'**

Recommendations:

- That all eight Councils come together to formulate a single or joint approach in their 95 diagnostic business case areas, with priorities being Customer Management, Assess and Decide, Business Support & Information Systems and HR; evaluate the benefits, particularly investment versus time and benefits; act; or discard these cases.

- Look at shared opportunities for education services payroll and back office

The Council is currently implementing its Future Operating Model (FOM), and any approach to exploring joint back office services with other authorities will have to take this into consideration.

Given that the Council has already made significant progress in developing the FOM, and has committed resources to delivering the FOM within a set timescale it would not be appropriate to delay this work to allow this work stream to be explored further over the next two years

The Council has however already had positive discussions with a number of local partners regarding opportunities for developing shared support services as part of the FOM.

It is recommended that the Council, in light of work underway locally, should support but not prioritise this work stream.

6.9 Joint Workforce Planning

Recommendations:

- Bring together their current individual workforce planning strategies into a joint workforce strategy including:

Consolidating the recruitment and deployment of supply teachers across the eight councils

Shared specialist services on curriculum development and psychological services where expertise is limited and resources duplicated across the 8 councils

The main barrier to Joint Workforce Planning lies in the differing pay scales, terms and conditions across each of the eight local authorities. It could take a significant amount of time to rationalise these, or come to some agreement, unless focussed on particular services (e.g. Educational Psychologists).

However, there could be benefits in sharing specialist expertise across the authorities, and this should be explored by subgroups of those services which identify where expertise is limited, but the quality and level of service provided would be the same across each area.

It is recommended that the Council should support but not prioritise this work stream.

6.10 A Common Charging Framework

Recommendation:

- Work together to introduce consistency across the Clyde Valley on charging and income generation, where this does not cut across local priorities.

There are benefits for the eight authorities in exploring the development of a common and consistent approach to charging across the Clyde Valley but any framework would need to take into account a range of local factors.

Work would require to be carried out to analyse current levels of charging, identifying those factors which influence the level of charge and how these might be rationalised.

It is recommended that the Council should support but not prioritise this work stream.

6.11 **A Joint Economic Strategy**

Recommendation:

- Revisit the approach to economic regeneration and develop a joint economic strategy for the Clyde Valley

The Council has always seen this as a primary role of the CVCPP and would support the development of a regional approach to relevant issues around regeneration.

A new economic regeneration strategy has recently been developed for Inverclyde - this can be used to input into any Clyde Valley Strategy. It is essential that the views of smaller authorities are fully taken into account in the development of any regional strategy.

It is recommended that the Council should support but not prioritise this work stream.

6.0 **IMPLICATIONS**

6.1 Legal: None at present until business cases have been developed.

Finance: None at present until business cases have been developed.

Personnel: None at present until business cases have been developed.

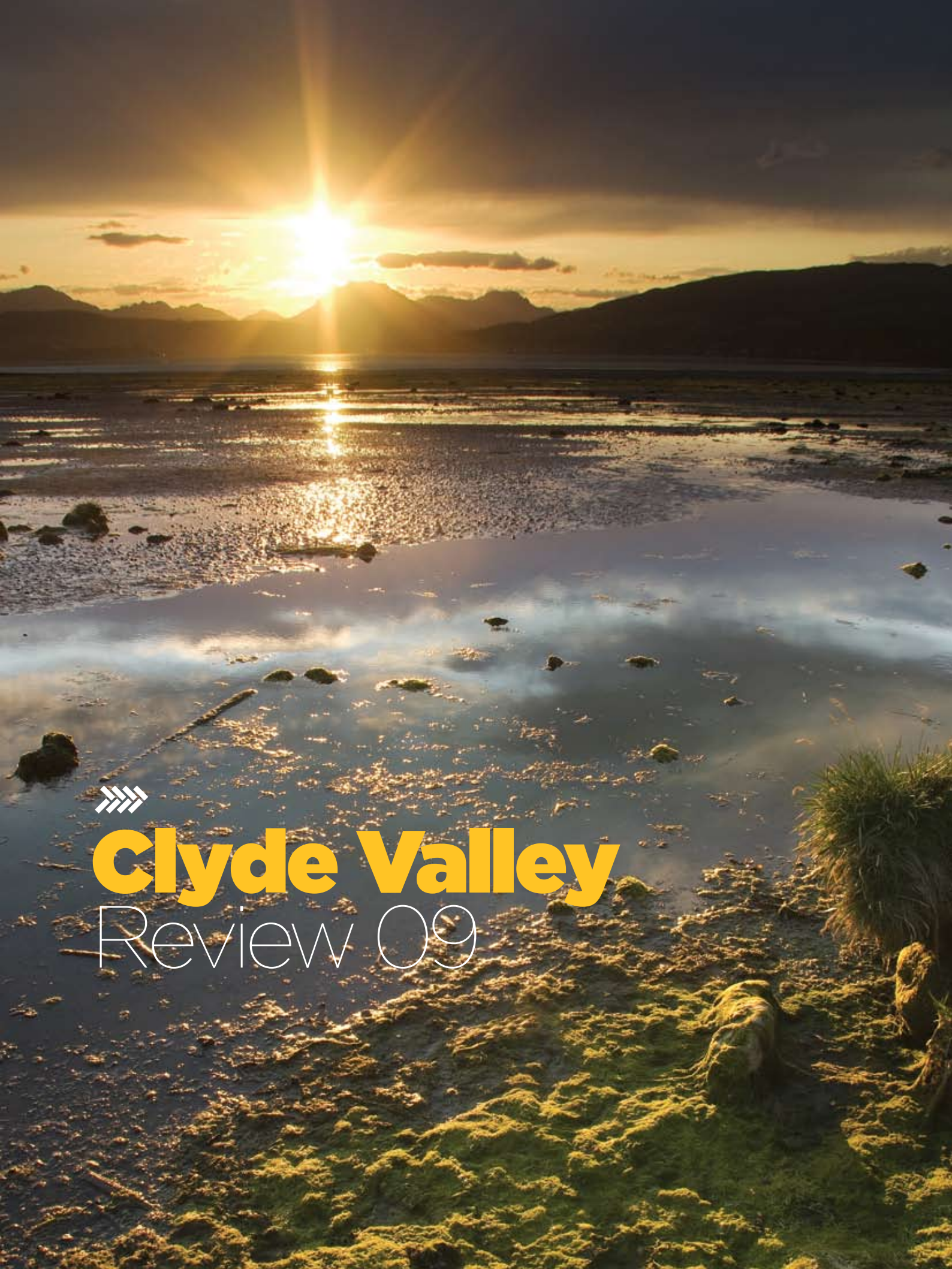
Equality and Diversity: An impact assessment of business cases will be required in the further development of the recommendations.

7.0 **Consultations**

7.1 Over fifty consultation meetings were held with a wide range of public and private sector organisations and the Scottish Government - a full list of consultees is set out in the Review.

8.0 **List of Background Papers**

8.1 Clyde Valley Review Report, November 2009.
Clyde Valley Community Planning Partnership – Review of Joint working and Shared Services, Report to Policy and Resources Committee, 31 March 2009



Clyde Valley

Review 09

In mid March, the eight Councils commissioned me to carry out a review of the potential for providing shared services through joint working across the Clyde Valley Community Planning Partnership.

This report is the end product of that work. As the independent chair of the review, I would like to acknowledge and thank all those many people across the Clyde Valley who have assisted in what has been a very demanding and sensitive task. It has been a great pleasure to work with such a creative and committed team. We have left 'no stone unturned' and have examined all aspects of the work by Councils and their main regional partners.

Since I began the work the extent of the financial challenge has become ever clearer. While this is a central feature of the report, the response across the Clyde Valley has been to look strategically at the future and not to give a knee jerk response.

I hope that you and your colleagues find the review helpful in planning for the next 5-10 years, building on the good work already underway both in individual Councils and across the CVCPP

Yours sincerely,



Sir John Arbuthnott



Contents

Part 1 Summary & Recommendations	4
The Key Messages	5
Introduction	8
The Economic Challenge	12
The Role of Government	16
The Approach to the Review	17
Main Findings	20
Part 2 Facts & More Detail	24
Clyde Valley Snapshot	25
An Integrated Health and Social Care Service	31
Education	36
Integrated Waste Management Solution	38
Integrated Transport, Fleet Management and Maintenance	40
Towards Shared Roads Maintenance	43
Shared Property Management and Office Hubs	45
Joint Development of Support Services (The Back Office)	49
Joint Workforce Planning	54
A Common Charging Framework	56
Part 3 Framework & Criteria	58
A Framework for Moving Forward	59
Assessment Criteria	62
Prioritising Outcomes and Driving Value	66
Part 4 Appendices	68

Part 1

Summary & Recommendations

The Key Messages

One.

The current and future financial outlook has transformed how Councils approach the issue of shared services and how they manage their resources.

Two.

The Clyde Valley Community Planning Partnership had the foresight to commission this review when the financial picture was emerging. Urgency is now required in how they address the financial squeeze. They cannot afford to continue as they are and things cannot remain the same. They must act and they must do this together as they go forward.

Three.

The financial squeeze is not the only challenge the eight Councils must deal with. They also face:

- Demographic changes which place a greater and different demand on their services,
- An infrastructure that needs investment; and
- Workforce planning challenges which need flexible, agile and trained staff.

Four.

This report focuses on what they can do to share services. But this is not the only action they will have to take. They will need to;

- Revisit current priorities, with partners and with Government, and make sure they are focussing on the right outcomes for their communities.
- Continue to make budget savings and squeeze assets and resources.
- Stop doing some things and find a consistent way of deciding how and where to do this.
- Raise income, initially though increasing fees and charges and dealing with surplus assets when the market is more buoyant.

Five.

The eight Councils cannot deliver this reform alone. They will need the support of the Scottish and UK Governments to deliver this agenda. This will mean being clear about current priorities and what can be afforded, providing legal and other expert support and finding innovative ways to raise funding.

Six.

Reform in the Clyde Valley will not address the issue across Scotland, although it may show the way. It is for the Scottish Government to set that vision if wider reform and sharing is to be driven across Scotland.

Seven.

The diagrams in the following pages set out my vision for the potential Clyde Valley shared services and some of the initial steps to deliver this vision. It is adaptable. See figures 1 and 2, overleaf.

The eight Councils can decide to:

- deliver this together,
- tackle some or all of the suggestions,
- develop a single approach across all Councils, in smaller groups or within a Council boundary.

What will sharing and joint approaches deliver?

Figure 1.

Clyde Valley Community Planning Partnership				
Common Outcomes				
Customer Service	Reduce socio-economic inequalities	Improved Health - a good start in life	Sustainable Communities	Regeneration
What will sharing and joint approaches deliver?				
Common charging framework	Single Social Transport solution	Joint commissioning and procurement of specific health and social care services	Integrated vehicle maintenance	Co-ordinated disposal of assets
Joint workforce planning and shared specialist staff, supply teaching		Integrated Health and Social Care Service in each council area	Joint procurement of standard fleet	Joint roads maintenance service
Shared back office development in customer services, information systems and some HR			Shared operational fleet	A single economic strategy for the area
Shared local offices or hubs with other partners in the community			Shared use of waste treatment plants and joint recycling arrangements	
			Integrated waste management	

A Roadmap for Delivery

Figure 2.

Up to March 2010	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15
Agree recommendations to be explored	Recommendations from Health and Social Care Consortium	Joint Social Care procurement established		Positive benefits from joint Social Care procurement	Integrated Health and Community Care services
Convene summit meeting with CVCPP	Agree Social Transport approach	Shared procurement for general fleet	Shared fleet management and maintenance	Implement Social Transport solution	Joint roads maintenance services
Agree resources to develop business cases	Agree councils' strategic asset management plans	Agree joint asset management plans with partners	Co-ordinated disposal of assets	Shared property management and maintenance	Shared office hubs
Develop outline project plan for 2010 - 2014	Joint Economic Strategy	Business Gateway contracts agreed			
Meet with Scottish Government over waste management	Agree approach to waste management			Implement integrated waste management approach	
Meet with Trades Union	Agree joint solutions from the diagnostic			Shared transactional support services	
Consider joint workforce planning strategy	Common charging framework	Introduction of revised charges			

This timetable is indicative and may have to be accelerated in the light of financial pressures.

1.0 Introduction

1.1

I was commissioned by the eight local authorities of the Clyde Valley Community Planning Partnership (CVCPP) in March 2009 to lead an independent review of joint working and shared services. My remit, while aiming to minimise any detrimental impact on citizens, was to;

- Review existing shared service initiatives and joint working,
- Prioritise service areas most likely to deliver improved services and savings,
- Identify opportunities for further development of shared and joint working, creating practical options,
- Identify potential approaches to deliver shared services; and
- Develop a framework or 'roadmap' to assess the potential for sharing and improvement.

1.2

The review had a broad remit and was to consider shared infrastructure and frontline services as well as support services such as finance and information technology.

1.3

By April 2009, awareness was growing about the impact of the recession and national debt on public sector funding. There was a predicted £500m cut in Scotland's budget. The eight Councils knew that this would present them with immediate financial shortfalls and challenges. There was some, but little acknowledged, awareness of the long term impact of national debt on future services. The eight Councils had the foresight to commission this review in light of the emerging challenges for the public sector. This was, and continues to be, the 'glue' that holds them together in addressing this issue.

1.4

Other public sector agencies also face this challenge. The Councils share a number of targets and objectives with these agencies, particularly those agencies in the CVCPP. These include Greater Glasgow and Clyde NHS and Lanarkshire NHS, Strathclyde Police, Strathclyde Fire and Rescue, Strathclyde Partnership for Transport, Scottish Enterprise and Jobcentre Plus. It was anticipated that the review would include consultation and agreement with these partners about the potential to share services or to work more effectively together.

1.5

Partners have been very willing to join in the review and to support its intentions and outcomes where possible. The report highlights where there may be the potential for sharing with these partners.

1.6

The review did not start with a blank canvas. The eight Councils which commissioned this review have a history of delivering joint economic development projects and strategic outcomes for the Clyde Valley. In addition, they have bid for and won Scottish Government (previously the Scottish Executive) funding since 2000 for programmes to deliver modernisation and efficiency. Some of these initiatives are still under development, some have delivered and some have stalled. This review takes account of this history and ongoing work and sets out a roadmap to build on this work for the benefit of citizens in a period of resource constraint.

1.7

The review is unique in drawing together opportunities for joint working amongst eight unitary authorities and their partners. There are few significant shared service initiatives between unitary Councils in Scotland or elsewhere, particularly in frontline services. The approach is relatively untested apart from some small scale progress in the areas of support services. This means that there are a number of cultural, democratic, organisational, legal, procurement and financial challenges to be acknowledged and addressed.

1.8

The review was short and time limited. I was to complete the evidence gathering by the end of October and report findings to the Leaders in time to inform budget considerations in the Autumn. I agreed to lead the review in this short timeframe with the understanding that I would focus on strategic opportunities for sharing amongst the eight Councils and, where possible, their partners. I would present a range of options for them to consider. It would then be for the Councils to agree preferred options, if any, and to develop the detailed business cases necessary to move the idea to a practical proposal for a new shared service.

1.9

In parallel with the review, Councils have been considering their budget options for 2010-2011 in line with the Scottish Budget settlement. As the review has progressed this has been a changing situation and one which is still in flux. But Councils are continuing to respond to the emerging picture and announce savings to meet their short term requirements.

1.10

I was not commissioned to revisit the issue of local authority boundaries. I am of the view that it is a costly and unproductive exercise at this time. It would divert resources, energy and attention from the very real public sector financial challenges. In my report, Putting Citizens First (January 2006),



I set out how local government in Scotland could be arranged to provide a more streamlined and easily understood model, while preserving a sense of community and local accountability. I accept that others may wish to reconsider current boundaries in the longer term. At such time, it would be important for them to also consider wider public sector reform, including the number and remit of all public sector organisations in Scotland.

1.11
As the Independent Head of the Review I have been supported by a team of staff drawn from the participating authorities. This has ensured local government experience and expertise informed the review and that each Council participated fully in the process. I want to thank all concerned for their openness and willingness to consider all options. Full details of the review team and its arrangements are provided at Appendix A.

1.12
I was committed to consulting as widely as possible in the short timescale. I offered the opportunity to public sector organisations, business interests and other agencies to meet with me or submit comments or evidence. A full programme of the work undertaken in the review and those involved in the evidence gathering and consultation phase is available in the Appendices.

1.13
It has not been possible to conduct direct consultation with citizens or communities in the timescale of the review; however, I have drawn on annual consultations run by Councils on local peoples' views. The 'roadmap' I propose to take the review recommendations forward makes explicit the need to open up dialogue with communities.

1.14
I do not intend to be prescriptive in my recommendations. They are a series of options for the eight Councils to consider. All of the Councils and the partner agencies consulted appear committed to taking this agenda forward. It is important that they continue to act together as a partnership. But all eight Councils do not have to accept or move forward together with each recommendation. Smaller groupings of Councils or a Council and its partners can also take recommendations forward. For some of the proposals this may be the best model. I say in the report where each approach might be helpful.

1.15
As the review has progressed I am aware that there is increasing interest in its findings and outcomes nationally and from other Councils in Scotland. Opportunities may arise for some of the eight Councils to work with others outside the CVCPP and I do not rule this out where it can deliver better outcomes.



Figure 3. Facts & Figures - Glasgow and the Clyde Valley Local Authority areas



Produced with the assistance of Glasgow & Clyde Valley strategic development planning authority.

The Clyde Valley Councils have a budget in the region of £6.5b and approximately 76,000 FTEs

Area has 1.75 million residents, 34% of Scotland's population – Scotland's only true conurbation	35% of Scotland's jobs	60% of Scotland's most deprived wards are in Clyde Valley area
Densely populated with 525 persons per sq km compared to Scotland figure of 66 per sq km	Increase in those aged 85 and over expected of 12,300 (39.5%) over the next 10 years	Decrease in those aged 18 to 44 expected of 46,330 (7%) over the next 10 years
Elderly living alone aged 75+ projected to increase by 19% over 10 years and 50% over 20 years	Number of people claiming Jobseekers Allowance has increased by over 23,500 (66.4%) to a total of 59,031 over the year to August 2009	Over 240,000 (21.7%) currently claiming working age based benefits

2.0 The Economic Challenge

Summary

The public sector faces a significant challenge to deliver its core services and meet its commitments due to the emerging financial squeeze coupled with the rising demand for services and demographic changes.

The scale and nature of this challenge is unprecedented. It will affect directly the amount of money available to local government for the next 10 and possibly 20 years. I do not think it unreasonable to expect a decline in real terms of between 10-15% on Scottish local authority budgets over the next 4 years.

The eight Councils and others cannot meet this challenge with short term solutions, such as year on year efficiency savings or 'salami slicing' budgets. The Councils and their public and private sector partners need to take a more strategic long term view. This will involve action on a number of fronts including;

- Making budget savings,
- Sharing services and resources between Councils and with partners,
- Improvements in performance,
- Stopping doing some things; and
- Raising income.

Councils have a critical role at the heart of post recession civic recovery in Scotland. Their statutory and democratic role, size and scale means that they are important as employers; they are a major commissioner of goods and services; they are the key provider of services; and in sustaining and developing communities.

Challenges and opportunities

2.1

Scotland and the UK are currently in a recession. Commentators are uncertain about the depth of that recession or how long it will continue. They are clear, irrespective of the economic recovery, that the level of UK government borrowing means that there is, and

will be, less money available to fund public services. They are also agreed that the Government can only reduce the debt and debt payments by raising taxes or making significant savings on its spending.

2.2

The scale of national debt and public borrowing is unprecedented. A recent Improvement Service briefing estimated that the UK Government will have to borrow £712bn in the next five years. That is more than it has borrowed over the last 350 years (£500bn). This will leave it with less money to spend on public services. See figure 4, opposite.

2.3

It is difficult to predict what this will mean in real terms for Councils and others because;

- No-one knows when the recession will end,
- Where or how economic recovery will take place; and
- What steps the UK government will take to reduce national debt.

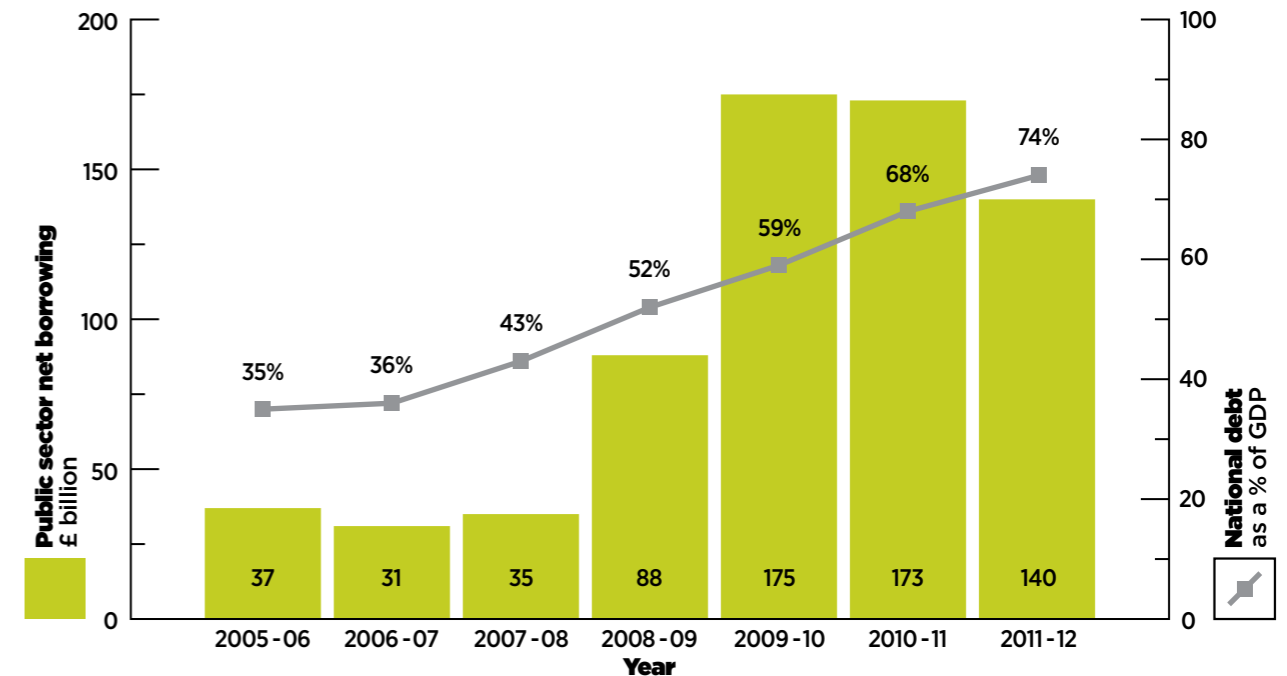
2.4

Audit Scotland estimates that it means a reduction of between 7-14% in real terms for public sector funding by 2014 (as outlined in Scotland's Public Finances - Preparing for the Future, November 2009). This reflects the Centre for Public Policy and the Regions earlier worse and best case scenarios for Scotland also published earlier this year.

2.5

When the Councils commissioned this review they were concerned about the relatively short term impact of the predicted £500m savings for the Scottish public sector. Early discussions focussed on 'quick wins'. Commentators are now clear that the impact of this borrowing and debt is long term. Audit Scotland estimates that there will be real public sector budget constraint over 2011 to 2018. It estimates that public sector spending will not return to the levels we have been used to over the last 10 years. I share its view that the impact will be felt in Scotland over the next 10 and possibly 20 years.

Figure 4. Public Sector Borrowing as a % of Gross Domestic Product*



2.6

Current estimates, as well as being uncertain about the economic recovery, may also be on the cautious side. The scale of borrowing is likely to be much greater if we take into account the Government's unfunded public sector pension commitments and ultimate responsibility for some PFI projects. Taking this into account, I do not think it unreasonable to expect a real term decline of between 10-15% on Scottish local authority budgets over the next 4 years.

2.7

Councils have little control over this financial situation as;

- They receive their main funding from Government in the form of grants.
- They cannot increase income through raising taxes, given the current Scottish Government Council Tax Freeze commitment.

- Potential income from fees and charges and selling assets, such as land, has slumped because of the recession.

2.8

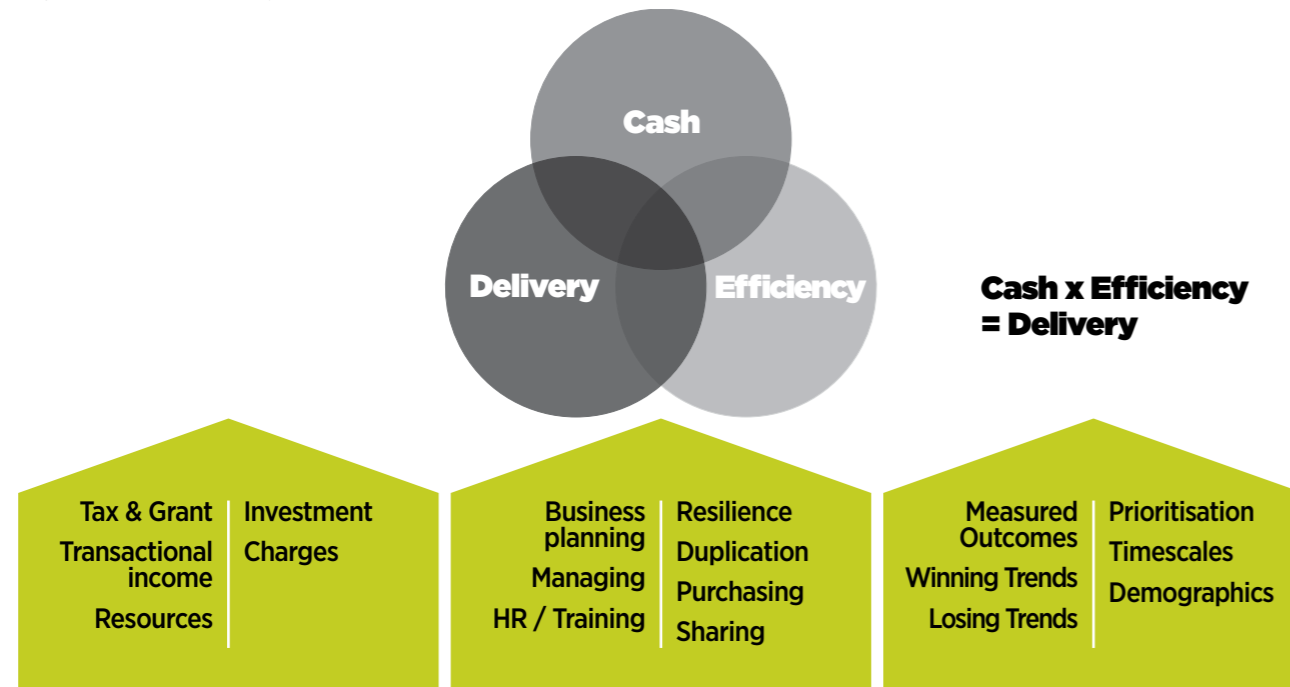
What they can influence is;

- How much they spend,
- What services they provide (while meeting statutory requirements) and how they provide them,
- How they use their assets and resources effectively; and
- How they deploy their staff.

This is set out in a simple efficiency model below. The clear take home message from this simple model is that if cash declines and efficiency does not improve, then delivery will suffer. See figure 5, overleaf.

* Source: Office for National Statistics/Institute for Fiscal Studies
Audit Scotland Public Finances Preparing for the Future November 2009

Figure 5. The Efficiency model



2.9 Councils have a critical role at the heart of post recessional civic recovery in Scotland because of;

- Their statutory and democratic role,
- Their size and scale means that they are important as employers,
- They are a major commissioner of goods and services,
- They are key provider of services and in sustaining and developing communities.

2.10 We should not lose sight of this role when proposing savings and reforms. A delicate balance needs to be struck between establishing lean organisations which can retain the capacity to respond to future changes and to support the local economy.

2.11 For the Clyde Valley Councils, the solutions lie in making more strategic planned improvements than quick wins. The scale of the financial challenge will not be met by short term 'salami slicing' or 'slash and burn' approaches to all services. Past experience demonstrates that, although these approaches can deliver short term savings, in the longer term they undermine the organisation's capacity, expertise, flexibility and ability to respond to future change and challenges. It is essential that Councils and other public organisations take a strategic view of what needs to be done and, preferably, a joint one.

2.12 The challenge will also not be met merely through any initiative to share services between Councils or other public sector partners. Councils will also have to take difficult decisions about services that they can no longer afford to provide, or will have to provide differently or provide less of. **Before they take this difficult step, they must demonstrate that they are squeezing the most benefit and savings out of the organisation's assets and resources.**



Citizens will subject them to considerable scrutiny when they propose direct reductions in services or increased charges. I am of the view that there is more to be done in terms of squeezing current assets and resources and this view was not challenged in the review.

2.13 Councils will also have to consider the issue of raising income for services through fees and charges. There is no consistent approach in the Clyde Valley to charging and many of the authorities have no corporate charging policy or a consistent means of protecting those who cannot afford to pay. I do not advocate that Councils introduce charges for statutory or essential services. But they can consider introducing or raising a charge for non statutory services where they can demonstrate it reflects a reasonable cost for the service and where there is a 'safety net' for those who cannot afford to pay.

2.14 The shape and scope of key frontline services in Scotland depend on discussions at national level with the Scottish Government. As Audit Scotland commented, the Government has to consider its priorities in the context of the Local Government Concordat including the Council tax freeze, free personal care, free travel and how these are made affordable in the current and future economic climate.

3.0 The Role of Government

3.1

Even with the best political will and organisational commitment, the eight Councils and their partners cannot deliver shared services without the assistance of the Scottish Government.

3.2

It is clear that the Scottish Government is committed to the shared services agenda and has invested significantly in past programmes. Measureable benefit from these programmes has often appeared difficult to verify or to quantify. This has led to some understandable frustration about the value or the pace of change in shared services.

3.3

There has been limited operational or frontline sharing of services between Councils. Consequently, some of the legal and procurement challenges to sharing services between authorities and other public sector organisations have not been tested fully in Scotland.

3.4

Support required includes:

- Overcoming any legal impediments, including clarifying the Power of Wellbeing and considering statutory instruments or other legislation to enable new practice to go ahead.
- Providing advice on equal pay issues when entering into a partnership with another authority or body where the terms and conditions are diverse and different comparators have been used.
- Enter into a partnership or discussions about how resources can be freed up or Councils allowed to borrow to pump prime elements of an evidenced shared service proposal.

- Provide support and national solutions to service areas which affect not just the Clyde Valley but Scotland as a whole such as waste management and roads maintenance and repair.
- Support the acceleration of integrated local health and community care services by addressing the 'grit in the system'.
- Adopting a joint approach nationally to business regulation and consumer protection.
- Provide specialist government or external advice or assistance to provide capacity or capability when breaking new ground or to sustain a programme of change.

3.5

As a matter of urgency, the Scottish Government should provide clarity on the extent of the Power of Wellbeing and if they would support secondary legislation to smooth the way for inter authority shared services. Without this support, Councils are open to legal challenge and carry additional risk when considering shared services. There are calls to widen the scope of the Power of Wellbeing to include specifically joint actions by local authorities which deliver improvements in cost efficiencies, or alternatively to tie in some new powers with the Best Value duty. Further detail on the legal, procurement and equal pay issues are provided at page 60.

4.0 The Approach to the Review

4.1

A number of principles have guided my approach to this review and any emerging proposals. These are:

- The role of the public sector is a valuable one in sustaining and improving communities, providing for a good start in life, and providing for and protecting vulnerable members of our communities.
- The role of local Councils as democratically elected bodies, accountable to citizens, providing services directly and with others is a pivotal one in providing good local government. The link between the local community and Council, in particular the accountability of elected members to their community, should not be diminished by any proposals.
- A shared service or joint working proposal should result in better or sustained outcomes for citizens and communities or, in the current and long term economic situation, minimise any negative impact.
- The public service ethos in Scotland is distinct. The public responsibility for key services at a local level is important in Scotland. Any proposals must acknowledge that distinctiveness and it will affect consideration of the types of services that can be shared and how they are seen to be shared.

Outcome Focussed

4.2

The remit for the review ensured that all services were to be considered within its scope. This is important. It is difficult for national and local politicians to acknowledge publically that all services, including frontline services and those valued by the community, will be affected by the challenges ahead. All opportunities for sharing and reform must be considered as Councils go forward.

4.3

The first step of the review was to make an initial assessment of how these shared opportunities could be identified and prioritised. I began by assessing 4 important issues;

- The outcomes that the eight Councils want to achieve for their local areas, communities and business and if they are similar.
- The services where they spend most resources.
- The areas where they suggested they operate similar services or face similar funding challenges.
- The areas where there had been most recognised work on sharing, (the Back Office) and where there might be further potential.

4.4

By approaching the challenge in this way, the review began with a fresher perspective on the "big ticket issues" and where the real opportunities may emerge to share services, minimise duplication and reduce cost.

4.5

The eight Councils have shared priorities and outcomes with their local community planning partners. These are the outcomes that they must focus on in a time of financial constraint. These outcomes are the 'big ticket issues' set out in their Single Outcome Agreements. They can only be delivered through joint working between Councils, Health Boards, the Police, and local public sector organisations. They deliver the national priorities set out in the Concordat with the Scottish Government. Although these outcomes have been developed by each local community planning partnership, they are remarkably similar across the Clyde Valley area. They are summarised in the following diagram. See figure 6, overleaf.

Figure 6. The Partnership's Priority Outcomes

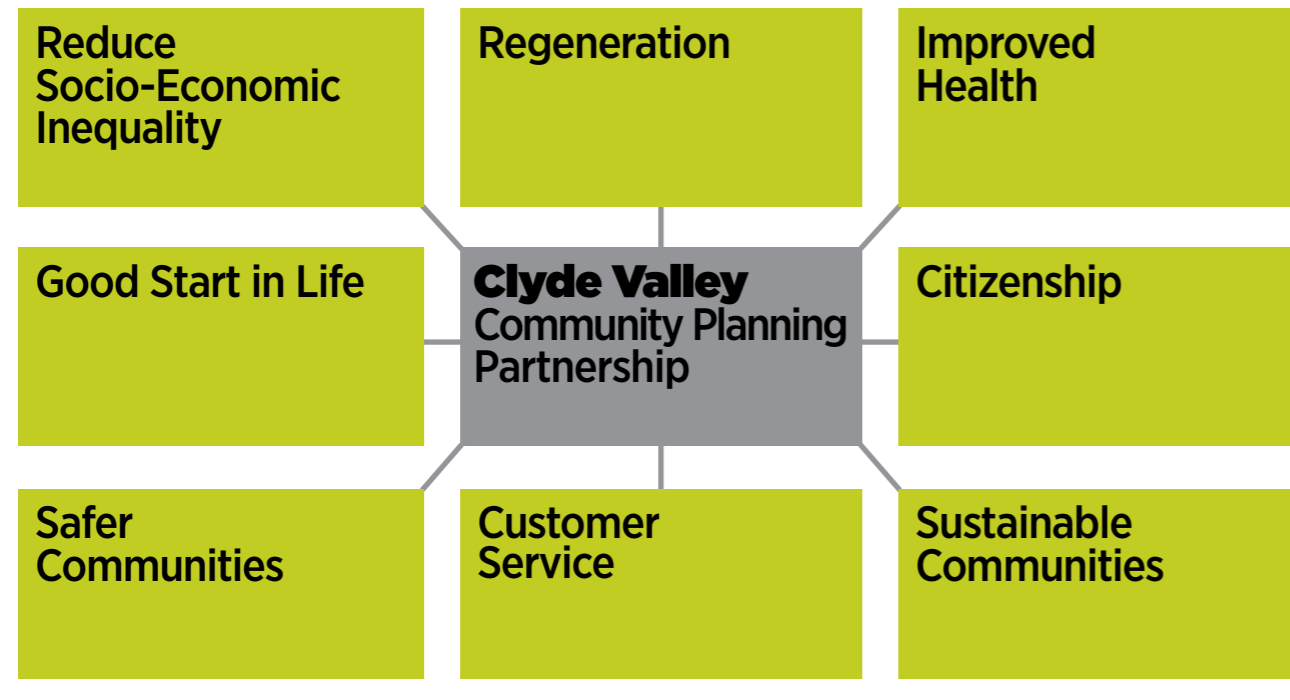


Figure 7. Clyde Valley Partnership Review Focus



4.6

The review was then streamed into 3 linked but distinct layers. See figure 7, opposite.

Strategic Priorities

4.7

Education and Social Care Services account for up to 50% of Council spend. These are the core services delivered by Councils (often called frontline services) which drive their political priorities and strategic outcomes in the community. This is also an area where there is considerable joint working and shared targets and funding with others such as Health Boards.

Civic Infrastructure

4.8

These services include a wide range of assets such as buildings and vehicles which are held, procured and managed by the eight authorities and also essential civic services such as waste management. They account for around 35% of the Councils spend and face a number of financial and statutory challenges.

Support Service (The Back Office)

4.9

This had been the main focus nationally and locally and embraces shared services through standardising business processes, centralising payroll, financial and information technology systems and staff. A good deal of time and resource had been spent on this area but with little benefit evidenced or delivered and little actual sharing between Councils. It is also the smallest proportion of Council spend accounting for just 15 % of the total.

5.0 Main Findings

Summary

5.1

I am of the view that there is considerable scope for:

- Accelerated joint working between the individual Councils and the two Health Boards to deliver a single integrated health and social care service.
- New opportunities for shared services between Councils in civic infrastructure such as waste management, property management and maintenance, and fleet and transport. This may also involve other Clyde Valley partners.
- Further involvement of Education Services in the core shared services agenda, particularly on social transport, asset management, and supply teaching.
- Shared (back office) support services between Councils, building on high level business cases developed through the Scotland wide Diagnostic exercise.
- Re-invigorated approach to regeneration, developing a shared economic approach to addressing the recession in the Clyde Valley area.

Civic Leadership

5.2

Civic leadership is critical in responding to the current financial challenge for local government and it is equally critical in delivering shared services as part of any response or solution. Leaders and senior officers will need to demonstrate commitment and 'stickability' to overcome the challenges that have hampered the sharing of resources and services with others in the past.

5.3

Now is the time to improve leadership training in the public sector for both politicians and staff and to do this as part of a joined up approach to workforce planning.

An Integrated Health and Social Care Service

5.4

Local authorities and Health Boards share a number of joint outcomes, targets and resources. The two services are inextricably linked, and one could not fulfil their commitments without the support of the other. A lot of work has taken place to improve structures and joint working especially in the last three to four years. This needs to go further to evidence improved health and care in the community. We cannot afford in the broadest sense not to succeed in this area.

5.5

Councils and Health Boards face a number of strategic challenges which cannot be resolved at a local community level without a more integrated approach at a strategic level. Added momentum is urgently required on a number of joint challenges in the demand, spend, commissioning, procurement and delivery of:

- the care of the elderly, including admission to and discharge from acute care,
- purchased social care services, particularly residential services for young people and those with special needs,
- Personalisation, its affordability and the use of mainstream service models; and
- Mental health and drug and alcohol services.

5.6

I recommend that a time limited consortium involving all eight Councils and the two Health Boards is established to consider and report on the most cost effective and sustainable way of providing these services in the Clyde Valley area. The consortium should report within a year of its first meeting.

5.7

I recommend that each Council and its respective Health Board works to create an integrated health and social care service. This should evolve from the community health and care partnership model. The challenge to deliver this comes from dealing head-on with the issues of accountability and devolved financial control. Integration requires;

- Clear management lines of accountability,
- Ensuring the link between local elected members and the service,
- Delegating budgets governed by sound financial processes; and
- Addressing the mismatch of pay and conditions between the health service and Council employees.

Some of these issues (referred to by some as the grit in the system) cannot be overcome without assistance from the Scottish Government. It should be invited to assist with this process of accelerated integration and the strategic challenges of these new structures.

5.8

Councils must ensure that Education is included in the current thinking about how to reform local government and the public sector, not least because of its significance in terms of the outcomes it can deliver and its spend, but also to ensure that Councils retain local accountability for the service. Education services will be involved in the key recommendations from this review in relation to:

- the shared delivery and management of social transport,
- property management; and
- joint commissioning of specialist services for young people.

5.9

In addition, Councils should consider:

- Consolidating the recruitment and deployment of supply teachers across the eight Councils. This may be considered in the joint approach to workforce planning on page 54.
- Shared specialist services on curriculum development and psychological services where expertise is limited and resources duplicated across the eight Councils. This should be considered in the joint approach to workforce planning on page 54.

- Shared payroll and back office, however I recommend that this is developed as part of any broader approach to shared support services outlined on page 49, with education services taking the lead on joint payroll.
- Shared approach to income generation – this is considered at page 56 on a common charging framework.

An Integrated Waste Management Approach

5.10

As a matter of urgency, I recommend that the eight Councils agree a Clyde Valley wide solution to the issue of waste management with the Scottish Government. This includes:

- Agreeing the use of the two waste management facilities being commissioned by Glasgow and North Lanarkshire Councils. Both are approaching a point of no return in the procurement process. Councils need to declare formally if they are subscribing to either facility to treat residual waste.
- A Clyde Valley approach to meeting the zero waste targets and minimising the penalties paid by any one Council. This will include consideration of the recycling targets and how they are met and what practices will need to be standardised to use the existing or planned plant.
- A discussion with the Scottish Government on funding for a Clyde Valley wide solution given the exacting nature of targets which will result in financial penalties for Councils.

A Single Social Transport Solution

5.11

I recommend that together, and with the assistance of Strathclyde Partnership for Transport (SPT), Councils consider and refine an outline business case to establish a CVCPP wide social transport service. It is for the CVCPP to determine the mix and the partnership, arms length or new contractual arrangements for this service. This model may suit all eight Councils but there is scope for neighbouring Councils to come together or a single Council to work with other partners.

5.12

As part of this process or in the interim, the eight Councils should work with SPT to:

- Pilot the improved scheduling of current social transport to reduce the amount of 'down time' for vehicles and drivers in each local authority.
- Better co-ordinate socially necessary transport e.g. dial a ride and ring and ride services, providing a better overview, particularly across neighbouring authorities where services can cross boundaries.
- Improved use of the school bus service across Council boundaries
- Improve the standardisation of vehicle design and procurement for social transport.

These early steps will in themselves help to inform any business case for more extensive reform.

Joint and Streamlined Fleet Management and Maintenance

5.13

I recommend that the eight Councils work together or individually with their partners and Scotland Excel to jointly procure or improve the procurement of non specialist vehicles such as light vans and cars.

5.14

I recommend they work towards joint provision of vehicle maintenance for both the specialist and non specialist vehicles. In spite of geographical challenges this may be suitable across the eight Councils or of benefit in smaller local authority groupings or with partners within a single local authority boundary.

5.15

I recommend that they consider the sharing of fleet and this may be for initial consideration in the context of the recommendations regarding social transport above, or waste management and roads maintenance.

Shared Roads Maintenance

5.16

I believe that roads maintenance and its specialist services can be adapted to a shared service model and there are benefits to be gained between smaller Councils and across the larger group of the Clyde Valley. However this may only achieve better outcomes if the issue of local roads maintenance and repair is part of a national solution. This would involve discussions with the Scottish Government. The eight Councils should instigate these discussions.

5.17

In the interim or as a first step I recommend that the eight Councils should look at pooling and sharing expert staff in the context of a joint workforce planning strategy.

Property Sharing and Management in Local Hubs

5.18

I recommend that each Council develops a robust asset register as a matter of priority. They should not delay in agreeing the best way to do this, but use existing examples and good practice available from the national benchmarking group and recent professional guidance.

5.19

I recommend that each Council and its partners develop joint asset registers and begin joint planning, management and property sharing. Most benefit in this area will come from a local approach with partners within the Council boundary to joint shared accommodation and use of assets. This should include identifying and tackling barriers to strategic joint working around public assets and developing shared property databases to facilitate joint working.

5.20

Councils also have to deal strategically with surplus assets and property both with partners and at a Clyde Valley level. Glasgow has recently established an arms length organisation to deal with surplus Council property and to market it. I believe there is merit in the other Clyde Valley Councils exploring with Glasgow how they may market select properties through this arms length arrangement.

Developing a Joint Approach to the 'Back Office'

5.21

There is clearly potential to take a number of the Clyde Valley business cases arising from the Diagnostic Pathway work forward together. Evidence from examination of the business cases being pursued by individual Councils highlights that a high number of them are more alike than they are different.

5.22

The most common themes between these business cases and planned improvements are in the areas of:

- Customer Engagement and Assess & Decide, all eight Council have business plans in this area.
- Business Support & Information Management Projects - almost all Councils have a business plan in this area.
- Human Resources- North Lanarkshire West Dunbartonshire, South Lanarkshire, Inverclyde, East Renfrewshire, Renfrewshire.

5.23

I recommend that all eight Councils come together to:

- **Formulate** a single or joint approach in these areas,
- **Evaluate** the benefits, particularly investment versus time and benefits,
- **Act**; or
- **Discard** these cases.

This FEAD approach will speed up the realisation of joint action.

Joint Workforce Planning

5.24

I recommend that Councils bring together their current individual workforce planning strategies into a joint workforce strategy. This should consider joint opportunities for pooling resources and staff where expertise is scarce. I am mindful that the disparate terms and conditions across Scotland's authorities have made this a time consuming task in the past.

5.25

Over the coming decade, the workforce in the CVCPP will have to plan for and implement major changes. As a matter of urgency, I recommend that trades unions are brought together from across Councils and partners in the Clyde Valley to discuss and consider the impact of the changes proposed and the challenges ahead as part of a partnership approach to public service reform.

A Common Charging Framework

5.26

The Councils should work together to introduce consistency across the Clyde Valley on charging, where this does not cut across local priorities, to make this more easily understood by citizens and to avoid a 'postcode lottery' for fees and charges in neighbouring authorities.

A joint Economic Strategy

5.27

The Clyde Valley Partnership grew from the eight Councils' commitment to addressing economic regeneration and growth together. In the current recession and the challenges ahead, it is important they retain this focus. I recommend that they revisit the approach to economic regeneration and develop a joint economic strategy for the Clyde Valley Area.

Deciding with the Public

5.28

I recommend that, in the planning and implementation phase of the review, consultation takes place with citizens about the shape and priorities of the services to be shared. This will require an ongoing programme of consultation.

Part 2

Facts & More Detail

6.0 Clyde Valley Snapshot

6.1

The Clyde Valley Community Planning Partnership covers the local authority areas of Glasgow, East and West Dunbartonshire, North and South Lanarkshire, East Renfrewshire, Renfrewshire and Inverclyde. This area has 1.75 million residents, 34% of Scotland's population. It is Scotland's only true conurbation.

6.2

These local authorities have a crucial role in commissioning goods and services, and as employers in addition to their democratically accountable and statutory role of delivering services and sustaining communities.

6.3

The area makes a vital and growing contribution to Scotland. Its success is crucial to Scotland's success. Before the recession, the area accounted for:

- 36% of Scotland's exports,
- 34% of Scotland's population,
- 35% of Scotland's GVA,
- 35% of Scotland's jobs.

Successes

6.4

The partnership came together to consider how best to drive economic growth in the area taking a strategic approach to the Cities Growth Fund and has delivered a number of significant projects and outcomes since it launched its vision in 2003. It has:

- Created 41,800 additional jobs – an increase of 5.2% against the Scottish average of 3.7%.
- Moved 30,000 additional people into work; however, with an employment rate of 72.1%, this remained below the Scottish average rate of 75%.
- Created a 21% increase in the number of new business starts across the region compared to an average increase across Scotland of 9.3%.

Challenges

6.5

The area remains diverse with a number of social and economic challenges. Some of these are immediate and apparent and others, such as an ageing population, will impact in future years on service demand and provision. Other key challenges are:

- 60% of Scotland's most deprived wards are in the Clyde Valley Area.
- The area still suffers from low levels of employment. The rate ranges between 64% and 83% across the Council areas.
- It has too much vacant and derelict land. 44% of Scotland's vacant and derelict land is in this area.
- It has well documented ill health although there are significant differences across the eight authorities.

The sections below set out these key issues.

Population

6.6

The Clyde Valley area, with a population in 2008 of over 1.75 million, currently accounts for 34% of Scotland's population. Although population projections for the area indicate a marginal increase over the next 10 years, there will be a slight decline in its national share of the population.

6.7

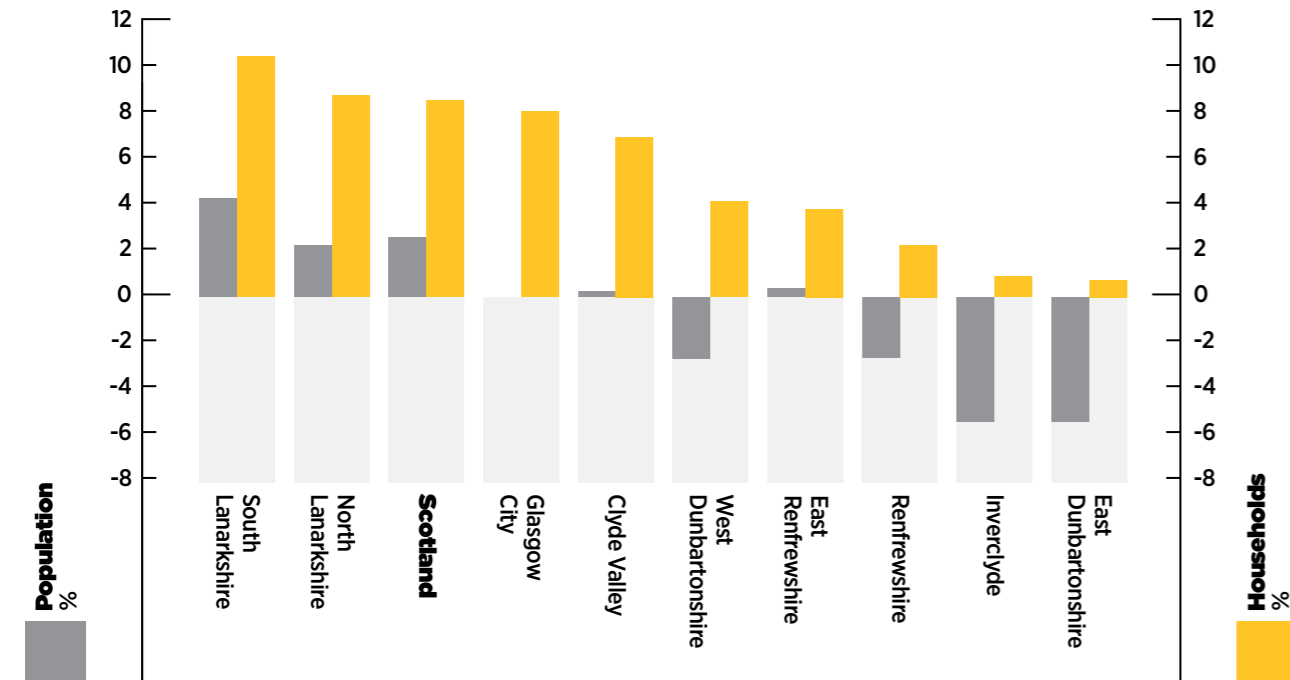
Recent figures¹ show that the Clyde Valley continues to see a small level of net in-migration (1,071), i.e. in 2007-08 in-migration stood at 36,270 with 35,199 people moving out over the corresponding period.

6.8

There is a reasonable consistency of population density across 6 of the eight authorities. In relative terms the Clyde Valley area is very densely populated with 525 persons per square kilometre compared to 66 persons per square kilometre in Scotland as a whole. The exceptions are Glasgow City which is the most densely populated area (3,329 persons per square kilometre) and South Lanarkshire which is the least densely populated (175 persons per square kilometre).

¹General Register Office (Scotland), 2007-08.

Figure 8. Projected Change in Population and Households 2009-19



The consolidated nature of the Clyde Valley area in terms of population distribution is likely to be more conducive to the sharing of some strategic services, e.g. where haulage or transportation costs can be minimised.

6.9 This masks a variety of changes in population at the local level with the two Lanarkshire authority areas seeing the greatest increases in population whilst East Dunbartonshire and Inverclyde are expected to see a sustained decline in population over the next 10 years. See figure 8, above.

6.10 Some fundamental changes are expected in the age structure of the Clyde Valley population over the next 10 years. Marginal decreases are expected in the number of children of pre-school and school age (-2.5% and -3.1% respectively). The younger working age group (18-44 years) is also likely to decline (-7%) while the older working age group (45-64 years) is expected to see a marginal increase.

6.11 The most significant increases in population are anticipated among the older age groups as survival rates continue to improve in line with the national trend. Those aged 85 years and over, for example, are expected to increase by around 12,300 (39.5%) over the next 10 years. This level of increase will have significant implications where the future development of health care and related services is concerned. See figure 9, opposite.

General Register Office (Scotland) household projections

6.12 Although the overall population of the Clyde Valley is expected to remain fairly stable, the area is expected to see a steady increase in household numbers. This reflects a predicted continuation of the established recent trend towards increased household formation, particularly within the single person category. Household numbers are projected to increase by 7% to 0.859 million over the 10 year period.

Figure 9. Projected Change in Population by Age Band - Clyde Valley

Age	Year 2009	Year 2019	10 year No. change	10 year % change
0-4	99,257	96,746	-2,511	-2.5
5-17	256,096	248,278	-7,818	-3.1
18-44	664,796	618,466	-46,330	-7
45-64	458,872	477,039	18,167	4
65-74	149,630	168,495	18,865	12.6
75-84	94,718	105,793	11,075	11.7
85+	31,062	43,341	12,279	39.5
All Ages	1,754,431	1,758,158	3,727	0.2

Figure 10. Elderly Household Projections - Clyde Valley

	Year 2009	Year 2019	Year 2019	10 year % change	20 year % change
Elderly living alone	107,580	124,780	153,920	16	43
75+ living alone	60,800	72,460	91,250	19	50

6.13 Those categories that are expected to see highest growth are single adult and lone parent households. As survival rates continue to improve, it is worthy of note that the vulnerable elderly category, i.e. those age over 75 years and living alone, is expected to increase substantially (See figure 10, above). These developments will have potentially significant implications for some services including social care, health provision and waste collection where total household numbers have a direct impact on costs.

6.14 Meanwhile, those households containing 2 or more adults with no children are also expected to increase, albeit marginally. Family households (2 or more adults with children), on the other hand, are projected to decline substantially over the 10 year projection periods.

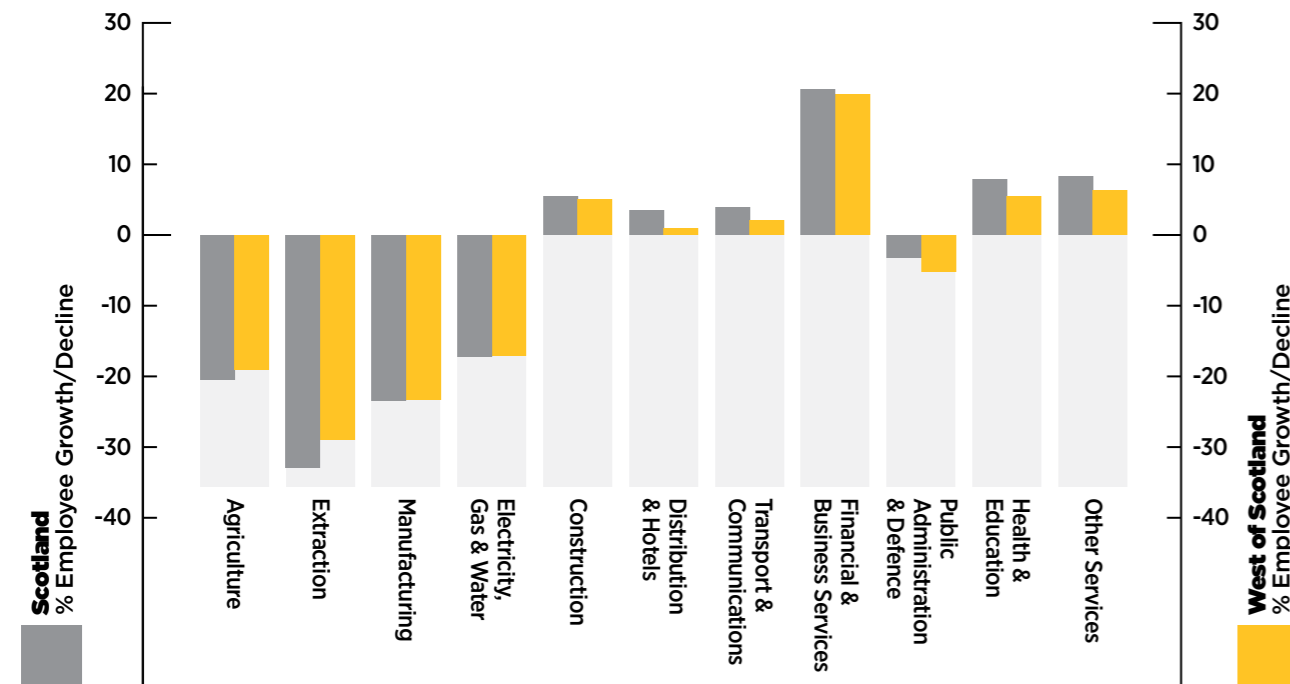
Employment Estimates and Forecasts

6.15 The number of employees in employment in the Clyde Valley was estimated at just under 837,000 in 2008 accounting for 34.8% of the Scottish total. Based on SLIMS² latest employment forecasts for the West of Scotland the employment level is forecast to increase by 3.3% over the period to 2018. This is marginally below the increase of 4.2% predicted for Scotland over this time. It should be noted that these figures are the most recent available and do not take into account the impact of the current economic downturn.

6.16 As figure 11, overleaf, shows, a fairly significant shift in the industrial structure of the Clyde Valley area is expected over the next 10 years with service sectors, particularly finance and business services growing steadily. The rate of growth is expected to be almost in line with the national average. The primary, extraction, manufacturing and electricity/gas/water sectors, on the other hand, are expected to decline.

²SLIMS 2008-based Employment Forecast, Oxford Economics.

Figure 11. Employee Forecasts by Sector 2008-18



Again, this is likely to be very much in line with the national position and will impact on the way some services, e.g. the disposal of commercial or industrial waste operates, in the longer term. See figure 11, above.

Productivity, Earnings and Commuting Patterns

6.17
In terms of economic output, Gross Value Added (at basic prices in 2007) in the Clyde Valley accounts for 34.4% of the Scottish total with GVA per employee standing at £34,500 in the Clyde Valley compared to £35,200 in Scotland. This represents a significant contribution to Scottish economic output and the area is therefore seen as a key driver of the Scottish economy³.

6.18
The latest information on workplace based earnings in the Clyde Valley⁴ shows a median gross weekly wage for full-time workers of £461.20 which is in line with the national average. It is notable, however, that residence based earnings in the Clyde Valley area are lower at £457.30. In addition, there is considerable

variation in residence based earnings at the local level from a low of £414.50 in Inverclyde to a high of £563.80 in East Renfrewshire.

6.19
The difference between residence and workplace earnings can be partially explained by the ‘commuter effect’, i.e. almost 48,000 people of working age commute into the Clyde Valley area to work in a relatively high value labour market area. Of the 39,000 Clyde Valley residents commuting out of the area to work, on the other hand, more are likely to be engaged in lower earnings occupations. Based on this pattern of commuting there is a net inward movement to the Clyde Valley area of around 9,000 people.

Socio-Economic and Health Inequalities

6.20
The Clyde Valley area is characterised by substantial pockets of deprivation which manifests itself in different ways, e.g. poverty, health, education, housing, employment prospects and access to essential services. Based on the results from the Scottish Index of Multiple Deprivation 2006⁵, over 25%

Figure 12. Claimant count with rates and proportions (Jobseekers Allowance)

Area	August 2008 No.	August 2008 Rate	August 2009 No.	August 2009 Rate	Change 08-09 No.	Change 08-09 %
East Dunbartonshire	1,086	1.7	1,930	3.1	844	77.7
East Renfrewshire	728	1.4	1,458	2.7	730	100.3
Glasgow City	15,892	4.1	24,054	6.2	8,162	51.4
Inverclyde	2,133	4.3	2,879	5.8	746	35
North Lanarkshire	6,029	2.9	11,343	5.5	5,314	88.1
Renfrewshire	2,820	2.7	4,888	4.6	2,068	73.3
South Lanarkshire	4,497	2.3	9,037	4.7	4,540	101
West Dunbartonshire	2,281	4.0	3,442	6.0	1,161	50.9
Clyde Valley	35,466	3.2	59,031	5.3	23,565	66.4
Scotland	82,425	2.6	135,384	4.2	52,959	64.3

of the Clyde Valley’s population lived within the most deprived areas in Scotland (worst 15% of datazones). The highest proportions of people living in deprived areas included Glasgow (47%), Inverclyde (36%), West Dunbartonshire (27%) and North Lanarkshire (20%).

6.21
Deprivation patterns can be linked closely to life expectancy⁶ throughout the Clyde Valley. Glasgow City had the lowest life expectancy in the area over the period 2006 to 2008 at 74 years (70.7 year for men), followed by West Dunbartonshire (75.2 years), Inverclyde and North Lanarkshire (both 75.8 years). Although life expectancy has increased by around 2 years over the last 10 years, these areas still lag well behind the more prosperous authority areas of East Dunbartonshire (80.4 years) and East Renfrewshire (79.9 years). Substantial differences in life expectancy are also in evidence at a sub-Council area level. In the Calton area of Glasgow, for example, the life expectancy for males is amongst the poorest in Europe at 54 years.

Claimant Count and Rates

6.22
With the onset of the recent economic downturn, some issues with regard to inequalities of employment opportunity have become exacerbated. The number of people claiming Jobseekers Allowance in the Clyde Valley has increased by over 23,500 or 66.4% to a total of 59,031 over the year to August 2009. This is slightly above the rate of increase for Scotland as a whole (64.3%) and accounts for almost 44% of all claimants in the country.

6.23
The rates vary from 2.7% in East Renfrewshire to 6.2% in Glasgow City. Some increases in JSA claimant numbers over the last 12 months have been particularly notable, e.g. North Lanarkshire (88.1%), East Renfrewshire (100.3%) and South Lanarkshire (101%). Where the latter two authority areas are concerned, these increases are from relatively low baseline figures although they are likely to have an adverse effect on the health of the local economy over the next couple of years at least. See figure 12, above.

³ SLIMS West Region Economic Review, March 2009, Oxford Economics.
⁴ NOMIS Annual Survey of Hours and Earnings, 2008.
⁵ Scottish Index of Multiple Deprivation, 2006, Scottish Executive.
⁶ General Register Office (Scotland) Life Expectancy, 2006-08.

Figure 13. Benefit Claimants - Working Age client Group

Area	February 2008		February 2008		Change 08-09	
	No.	Rate	No.	Rate	No.	%
East Dunbartonshire	6,690	10.6	7,460	11.8	770	12
East Renfrewshire	5,550	10.5	6,020	11.4	470	9
Glasgow City	94,490	24.3	99,340	25.6	4,850	5
Inverclyde	11,770	23.5	12,070	24.1	300	3
North Lanarkshire	41,390	20.2	45,510	22.3	4,120	10
Renfrewshire	19,300	18.2	20,690	19.5	1,390	7
South Lanarkshire	32,700	17.0	36,350	18.9	3,650	11
West Dunbartonshire	12,840	22.4	13,890	24.2	1,050	8
Clyde Valley	224,730	20.1	241,330	21.7	16,600	7
Scotland	525,350	16.3	569,100	17.6	43,750	8

Benefits Rates

6.24

The analysis of other working age benefits gives a wider picture of the total number of people unemployed. Where all those claiming working age based benefits are concerned (not yet available for August) the number rises to over 240,000 or 21.7% in the Clyde Valley area. This compares with 17.6% in Scotland and accounts for over 42% of the country's claimants.

6.25

Again, there are significant variations in the figures at local authority area level with lows of less than 12% in East Dunbartonshire and East Renfrewshire. At the other end of the scale, those local authority areas previously defined as having the largest share of their residents living in deprived circumstances, i.e. Glasgow City, Inverclyde, North Lanarkshire and West Dunbartonshire, have the highest levels of working age benefit claimants. See figure 13, above.

6.26

While health is improving overall the Clyde Valley area fares badly compared with Scotland and other regions across Europe. There is huge variation in the health prospects of citizens within individual local authorities and across the Clyde Valley.

7.0 An Integrated Health and Social Care Service

Summary

In total the eight Councils spend approximately just over £1 billion on social services in the Clyde Valley.

Health and social care services are critical in delivering the key outcomes of the eight Councils, health and other partners both at a national and local level. The two services are integral to the delivery of better health and social and economic improvements in Scotland. They have been working on improved structures and joint delivery of services in the Clyde Valley over the last 4 years; however they need to go further.

Demographic pressures (particularly the projected rise in the number of older people 85+); workforce issues; the need to improve health and social care outcomes, and the increasing cost of institutional care means that the current patterns of care delivery are not sustainable. (Shifting the Balance of Care Delivery Group 2009).

Councils and Health Boards face a number of strategic challenges which cannot be resolved at a local community level without a more integrated approach at a strategic level. Added momentum is required on a number of joint challenges in the demand, spend, commissioning, procurement and delivery of:

- purchased social care services, particularly residential services for young people and those with special needs,
- the care of the elderly, including admission to and discharge from acute care,
- personalisation, its affordability and the use of mainstream service models,
- mental health services,
- drug and alcohol services.

I recommend that a time limited consortium involving all eight Councils and the two Health boards is established to consider and report on the most cost effective and sustainable way of providing key services in the Clyde Valley area. The consortium should report within a year of its first meeting.

I recommend that each Council and its respective Health Board works to create an integrated health and social care service to be delivered on a local basis with devolved budgets and clear accountability. We cannot afford in the broadest sense not to succeed in this area.

Opportunities and Challenges

7.1

Health and Social Care services are both mainly demand led, that is, they respond to needs which can place significant resource pressures on them which are difficult to plan for and to respond to. Both have a stated intention to work toward earlier intervention but that is a long term goal and one which may not demonstrate any clear impacts for a generation.

7.2

The two services face a number of challenges. In addition to the financial squeeze, they also face challenges in terms of local and national demographics. They will experience:

- An increasingly elderly population with the need for care at home and in hospital. Service demand for those aged 85+ is a particular challenge as the numbers and needs increase over the next 10 years (up 39.5%).
- Increasing numbers of vulnerable young people and adults.
- The impact of drugs and alcohol in the younger population but also storing up problems as they age.
- Dealing with complex needs and learning difficulties for young people who are now living longer life spans.

7.3

Health and Social Care both share the commitment that people should live longer in their communities supported by home care and other services and have access to nursing, medical and residential care when that it is no longer possible.

7.4

The national policy priority of Shifting the Balance of Care involves the NHS and social care providers developing new clinical and care pathways. This is with a view to altering how care is provided in order to prevent or delay the need for more intensive or expensive interventions. There are three components elements to the “shifting” agenda:

- Shifting the focus of care onto prevention - anticipating and addressing the need for care at an earlier stage; shifting the focus from acute care to systemic and personalised support that is integrated and sustainable.
- Shifting who delivers care - providing more care in the community. This will require extending primary and community care teams, breaking down professional barriers in order to make better use of general and specialist expertise.
- Shifting the location of care - providing a wider range of diagnostic and specialist services in communities and maximising the use of new technologies.

7.5

As part of the Shifting the Balance of Care agenda an overarching improvement framework has been developed to help Health Boards, Local Authorities and their partners to deliver the agreed priorities. It will require the realignment of existing resources. The Scottish Government is providing resources for Health Boards and Local Authorities to map health and adult social care resources allocation and use at community level. The first stage is the development of an Integrated Resource Framework. This will give the NHS and Councils a clearer picture of resource implications of changes to clinical and care pathways.

Joint Health and Social Care in the Clyde Valley Partnership

7.6

Clyde Valley Councils and the two Health Boards have been working towards single integrated health and social care services within each Council's boundary. Community health partnerships models are the primary vehicles for this partnership working and sharing between local authorities and health.

7.7

There are twelve community health partnerships across the Clyde Valley area. Each has its own Scheme of Establishment which sets out the detail of its responsibilities, governance and make-up. There are a number of models across the eight Council areas. Glasgow and East Renfrewshire operate integrated Community Health and Care Partnerships which



combine elements of their social work service and health service provision. The remaining six Councils operate Community Health Partnerships which deliver community health services within the Council boundary.

7.8

These community based health and social care services provide;

- a focus for integrating primary care and acute services and improving resource allocation;
- the main NHS agent for the implementation of its Joint Futures agenda for integrated children's services.
- develop better joint working between Councils and health boards to deliver improvements in health, poverty and deprivation in the area.

7.9

The Glasgow Centre for Population Health (GCPH) has undertaken research on the impact of the Glasgow health and care partnership model. It found that there are early indications that they have been largely successful as a mechanism for facilitating partnership working, increasing trust between professional peers within different disciplines and that they were focused on addressing the fundamentals of their remits. GCPH found that it was too early to clearly demonstrate whether or not community health and care

partnership models have improved services, achieved clarity and consistency between parent organisations or improved relations between management and frontline staff.

7.10

The Scottish Government, with the support of COSLA and NHS Boards, has commissioned research to be carried out by Blake Stevenson Ltd, to consider the impact of community health and care partnership models in relation to their specific areas of responsibility. The report will identify factors that have facilitated or possibly hindered progress. The study is expected to report by March 2010.

7.11

Glasgow City Council and Greater Glasgow and Clyde NHS have the most extensive approach and have identified a number of challenges to a fully integrated health and social care service which they are addressing in partnership. These include:

- Clear management lines of accountability,
- Ensuring the link between local democratically elected members and the service
- Delegating budgets governed by sound financial processes
- Addressing the mismatch of pay and conditions between the health service and Council employees.



7.12

Given the challenges Scotland faces, this approach to an integrated health and social care service in the community must succeed. There needs to be greater consistency in the structures across the Clyde Valley and to joint service provision. This means that Councils and Health Boards, with the support of the Scottish Government, need to address what some have called this 'grit' in the system.

7.13

I recommend that each Council area works towards establishing a fully integrated joint health and social care shared service at a local level in their Council boundary area. They should build on the existing models and work together to address the challenges identified to date, with the Scottish Government.

7.14

There are other challenges facing social care which also involve Health Boards at strategic level. These include:

- How they address the growing personalisation of care – this is a national policy commitment to enable individuals or groups to decide on the type of care they need and to purchase it direct or with the support of the Council.

- How they get best value, consistency and economies of scale from the procurement of social care related services. Glasgow spends approximately £350m on these services, more than half of its social work budget.

This is an area where there appears to have been considerable commissioning of service from other agencies or companies. This appears to have led to a fragmented approach to standards and costs. This is not in the interests of those using the service or the Councils in terms of efficiency. There is an increasing complexity of need and the specific nature of the packages purchased means costs are escalating, and providers are becoming more specialist. The individual approach by each Council to this area means that they do not appear to be getting a consistent approach or value for money.

There is a commitment to work in this area with Scotland Excel at a national level but progress has been slow. As a result of early discussion in the review, there are signs that Councils will lend expertise to Scotland Excel to make real progress in this area. This is an area where the Clyde Valley Partnership can take a lead across Scotland.

7.15

I would recommend that the Clyde Valley Councils, working with Scotland Excel, develop a joint approach to the procurement of social care services and accelerate progress in this area.



Priority issues are:

- Care for young people and their families with special needs,
- Recruitment and use of foster care,
- Residential care for young people, looking at common approaches and shared residential facilities where required,
- Joint commissioning of drug and alcohol services,
- A framework agreement in dialogue with specified organisations to improve quality, reduce costs, increase capacity and flexibility,
- A more diverse market place by growing other suppliers.

7.16

A small group of Councils have already come together including, Renfrewshire, East Renfrewshire and Inverclyde to develop a framework agreement on specialist children's services. This approach could be the starting point for the wider Clyde Valley approach.

7.17

This work will not be without its challenges. There are already a number of existing Council contracts which will have to be revisited. Some Councils have adopted different approaches to how they personalise or tailor

care to individuals. Some Councils are wedded to their own approaches and the distinct nature of the need of their area. But as in other service areas, the eight Councils are more similar in the challenges they face than they are dissimilar.

7.18

I believe a short time limited consortium or collaborative should be brought together for the period of one year to agree an approach to the areas listed above. Similar partnerships in England have developed savings targets the region of 13-15% unit cost savings per residential placement. They have also received UK government funding to initiate some of the improved approaches. The purpose would be to develop a more consistent approach to the quality and cost of these services and their joint commissioning, to extend the list of suppliers or look at alternative provision and to make better use of existing local authority residential provision.

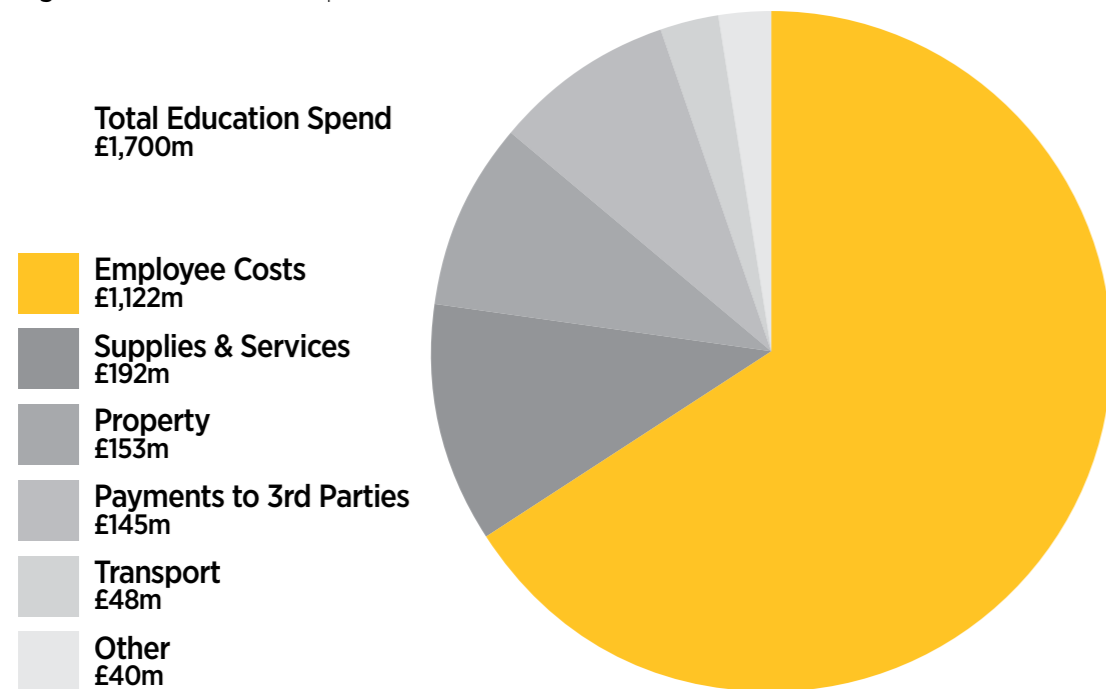
7.19

Other opportunities lie in the area of customer contact and care and in the better use on information systems in Councils, between Councils and other partners. Improved training and the use of expert social worker staff should also be explored. These opportunities should be considered as part of the recommendations for working together on the national Diagnostic approach to support services (the Back Office) outlined on page 49 and workforce planning on page 54.



8.0 Education

Figure 14. Total Education Spend



8.1 Education is a core frontline service with a high public and reputational profile for each Council. It is essential in delivering the key outcomes of a good start in life and delivering longer term social and economic improvements. It accounts for a significant part of the local authority budget and across the Clyde Valley accounts for approximately £1.7 billion spend.

8.2 Education, particularly schools, remains a high political priority for Councils and all are pursuing improvements in attainment, school buildings and the quality of learning support available.

8.3 There is a perception that Education Services have appeared less involved in the shared services agenda; although clearly they have been at the forefront of national and local initiatives to improve the service. Nationally and locally there is concern to protect this service from the financial squeeze and difficult decisions to come.

8.4 It is my view that there is scope within this review, and in the current levels of spending, to seek further shared service reforms from education services. Councils must ensure that Education is included in the current thinking about how to reform local government and the public sector, not least because of its significance in terms of the outcomes it can deliver and its spend, but also to ensure that Councils retain local accountability for the service.

8.5 A considerable amount of the spend in education is in areas that may not be regarded as core education business. For example across the Clyde Valley Education spends:

- £48m on transport,
- £145m on payment to other bodies,
- £153m on property.

See figure 14, above.



8.6 All of these areas are subject to mainstream recommendations in this report on how to improve:

- the shared delivery and management of social transport,
- property management; and
- joint commissioning of specialist services for young people.

Education Services will require to be considered as part of all of these approaches if the recommendations are adopted.

8.7 In addition other areas have emerged in the review consultation which are worth considering

- Consolidating the recruitment and deployment of supply teachers across the eight Councils.
- Shared payroll and back office, however I recommend that is this developed as part of any broader approach to shared support services outlined on page 49, with education services taking the lead on joint payroll.
- Shared approach to income generation – this is considered at page 56 on a common charging framework.
- Shared specialist services on curriculum development and psychological services where expertise is limited and resources duplicated across the eight Councils. This should be considered in the joint approach to workforce planning on page 54.

9.0 Integrated Waste Management Solution

Summary

Clyde Valley Councils spend in the region of £155m on waste management and employ in the region of approximately 1400 FTEs.

It is estimated that, if Clyde Valley Councils reduced their waste to landfill by 5% in 2010-11 savings could be in the regions of £2.7m. If they met more exacting targets of 15% then savings in 2010-11 could be in the region of £8m.

The eight Councils need to consider investment in major infrastructure to process residual waste and a collective approach to waste management to meet these targets. Glasgow and North Lanarkshire proposals alone will cost in the region of £242m and £330m. As a matter of urgency, I recommend that the eight Councils agree a Clyde Valley wide solution to the issue of waste management with the Scottish Government. This includes:

- Agreeing the use of the two waste management facilities being commissioned by Glasgow and North Lanarkshire Councils. Both are approaching a point of no return in the procurement process. Councils need to declare formally if they are subscribing to either facility to treat residual waste.

- A Clyde Valley approach to meeting the zero waste targets and minimising the landfill tax paid by any one Council. This will include consideration of the recycling targets and how they are met and what practices will need to be standardised to use the existing or planned plant.

- A discussion with the Scottish Government on funding for a Clyde Valley wide solution given the exacting nature of targets and the financial implications for Councils failing to meet these.

9.1

The Scottish Government is committed to ultimately achieving zero waste through increased recycling, reducing waste and dealing more effectively with commercial and industrial waste.

9.2

The target for the proportion of municipal waste recycled or composted will increase from 40% to 60%, with the target for landfill reducing from 56% to 15%. In addition, a cap on the use of energy from waste of 25% will be introduced by 2020 from a 2010 target of 4%.

9.3

The long term target will be very difficult to achieve without major changes to the existing approach to waste management. For example currently almost 70% of municipal waste currently goes to landfill in the Clyde Valley, with a rate of 80% in Glasgow. The current rate for recycling or composting in the Clyde Valley is just over 30%, with Glasgow's rate only 20%.

9.4

A potentially significant 'funding gap' for procurement of a sustainable waste management solution needs to be planned for and is a matter of priority. The estimated additional cost of providing the necessary infrastructure to achieve these targets would be between £242m and £330m based on existing procurement proposals led by Glasgow City and North Lanarkshire Councils.

9.5

From April 2009 landfill tax increased by 25% to £40 per tonne and will continue to increase up to £72 per tonne by 2013. The approximate additional annual cost to the Clyde Valley authorities from 2009 to 2010 in landfill tax would be over £7m with the same level of municipal waste going to landfill.

9.6

Costs of collection per premise could also escalate on the basis of a 7% projected increase in households in the Clyde Valley over the next 10 years.

A continued shift in the industrial structure of the Clyde Valley from manufacturing to service sector based activities over the next 10 years is likely to bring about a change in the technical mix of facilities required to deal with non-domestic waste.

9.7

Finding a suitable location for new infrastructure from a planning and environmental perspective will probably involve long and difficult public consultation exercises, particularly where the siting of incinerators or similar infrastructure is concerned.

9.8

Councils need to optimise the location of any new infrastructure to take account of population distribution needs. They need to be based, where possible, on the 'proximity principle', i.e. locating strategic infrastructure with a view to minimising haulage of waste and reducing the impact on the carbon footprint through CO2 emissions.

9.9

Development of a shared approach to waste management among strategic groups or sub-groups of authorities in the Clyde Valley needs to take account of existing collection and disposal processes as well as existing and proposed infrastructure provision. The standardisation of service delivery processes and procedures should be part of this approach.



10.0 Integrated Transport, Fleet Management and Maintenance

Summary

Clyde Valley Councils spend approximately £160m on fleet and transport services. They use in the region of 834 in-house FTEs. Some are specialist vehicles but in the main they run standard light vehicles, vans and cars. Partner organisations also have similar fleets.

There is no real joined up approach to the procurement, maintenance and scheduling of fleet between the eight Councils or neighbouring Councils. There is, it appears, not always a joined up approach within Councils.

I recommend that together, and with the assistance of Strathclyde Partnership for Transport (SPT), Councils consider and refine an outline business case to establish a CVCPP wide social transport service. It is for the CVCPP to determine the mix and the partnership, arms length or new contractual arrangements for this service. This model may suit all eight Councils but there is scope for neighbouring Councils to come together or a single Council to work with other partners.

As part of this process or in the interim, the eight Councils should work with SPT to:

- Pilot the improved scheduling of current social transport to reduce the amount of 'down time' for vehicles and drivers in each local authority.
- Better co-ordinate socially necessary transport e.g. dial a ride and ring and ride services, providing a better overview, particularly across neighbouring authorities where services can cross boundaries.
- Improve use of the school bus service across Council boundaries.
- Improve the standardisation of vehicle design and procurement for social transport.

These early steps will in themselves help to inform any business case for more extensive reform.

I recommend that the eight Councils work together or individually with their partners and Scotland Excel, to jointly procure or improve the procurement of non specialist vehicles such as light vans and cars.

I recommend they work towards joint provision of vehicle maintenance for both the specialist and non specialist vehicles. In spite of geographical challenges this may be suitable across the eight Councils or of benefit in smaller local authority grouping or with partners in a single local authority boundary.

I recommend that they consider the sharing of fleet and this may be for initial consideration in the context of the recommendations regarding social transport above, waste management, and roads maintenance.

Opportunities and Challenges

10.1

Councils have a number of roles and commitments in relation to this area which include

- Fleet management and maintenance for a number of specialist vehicles and services such as waste management and for the management of light vehicles
- Transport (Social Transport) providing vehicles and drivers for Education and Social Care to take young, elderly and those with special needs to school and day care.

10.2

Clyde Valley Councils and their partner have made some progress in exploring shared services or approaches in relation to fleet and transport. This includes:

- joint procurement through Scotland Excel of light and heavy vehicles, fuel and hire of vehicles and plant although these opportunities have not yet been fully explored or exploited;
- national contracts for parts/consumables, tyres and personal protective equipment being developed by Scotland Excel although again not fully developed;
- work between local authorities and NHS in regards to patient transport;
- shared depots for fleet maintenance (Strathclyde Fire and Rescue, Ambulance Service in Glasgow).

Fleet Procurement and Vehicle Maintenance

10.3

In the course of the review opportunities for the better management of fleet and vehicle maintenance were identified and included greater efficiency, shared expertise, maximise the access to external funding, and joint investment. Some practical challenges were identified in terms of the geography of the eight Councils and how an integrated service could be managed, although it has been managed in the past.

10.4

This ranges from basic steps Councils can take to streamline how they work, to working with partners and Clyde Valley wide. These include:

- sharing fleet to deliver services across more than one local authority/geographical area;
- shared vehicle maintenance with other local authorities and with partners such as health and the police;
- developing better national contracts for the procurement of fleet and other materials.

10.5

Work is already underway with Scotland Excel to improve national contracts in vehicle procurement and in the purchase of other materials such as tyres; however progress is perceived to be slow and individual Councils are still pursuing their own arrangements. By coming together as the Clyde Valley Partnership to use Scotland Excel, the pace of change can be speeded up, expertise exchanged and efficiencies delivered sooner.

10.6

We have not had the opportunity to examine the proposal for shared fleet or vehicle maintenance in great detail, such as comparing routes, types of vehicles used. But I accept the principal that shared fleet across all eight or a number of smaller authorities is possible and more cost effective in the longer term as is shared vehicle maintenance. Any concerns expressed related to geography and distance between the authorities and the non standard nature of the vehicles used.

10.7

It may be that shared fleet and maintenance is something which can be achieved between a number of smaller authorities or within a Council boundary with partners. Some of the hesitance may come from the perceived move back to a more 'regional' model, however this should not be ruled out if the business case supports it. It is a model that appears to have worked successfully in the past.

A Single Social Transport Solution

10.8

West Central Scotland is criss-crossed in the morning and late afternoon by Council owned, leased or contracted transport ferrying children and elderly people to schools and day care. It is now an area of significant spend for Social Care and Education departments. Transport crosses boundaries, sometimes more than once, and they pick up clients often transported on another day by community transport or patient transport. There is a need to streamline this operation and to schedule the use of vehicles more productively.

10.9

At present Councils and their partners do not appear to have the information required to know how or if they are making best use of their social transport. Before they can work together and rationalise this service they need to understand their demands and resources better. They need to look at current journeys, alternative statutory providers and improved scheduling as a first step.

10.10

Ultimately Councils need to consider their core business and if they should be running fleets of buses and social transport vehicles. There are other organisations with the statutory responsibility to do this, or others with the expertise or the capacity to run this service. Councils should be considering a more radical solution to the running of this service in partnerships with others, perhaps providing a Clyde Valley wide social transport service.

**10.11**

Strathclyde Partnership for Transport (SPT) have offered the Clyde Valley authorities expertise and assistance to

- Pilot the improved scheduling of current social transport to reduce the amount of 'down time' for vehicles and drivers in each local authority.
- Better co-ordinated socially necessary transport e.g. dial a ride and ring and ride services, providing a better overview, particularly across neighbouring authorities where services can cross boundaries.
- Improved use of the school bus service across Council boundaries
- provide school bus services across a number of authorities and these could perhaps be better co-ordinated across more than one local authority area.
- Improvement in the standardisation of vehicle design and procurement for social transport.

10.12

In the course of considering its longer terms options the Clyde Valley Councils should take up the offer of expertise from SPT in these areas. They will in themselves help to inform any business case for more extensive reform.

10.13

It has also provided an outline case for an arms length social transport solution. I accept that they are relatively untested in this area and that the eight Councils may wish to explore other options, however initial discussions should take place with SPT about examining the proposals in greater detail.

10.14

Fleet and transport is an area where two Clyde valley partners, Health and Strathclyde Police, have expressed an interest in working toward a solution with the Clyde Valley Councils. The Health Boards are interested in more efficient and effective social transport and the Police, better procurement and maintenance of standard fleet.

11.0 Towards Shared Roads Maintenance

Summary

The eight Councils spend in the region of £125m on roads maintenance services and employ approximately 860 FTEs. Scotland nationally faces a major challenge in providing a dependable road infrastructure. The need for significant funding, priority setting on the available funding and a joined up national and local strategy remain the primary concerns.

I believe that roads maintenance and its specialist services can be adapted to a shared service model and there are benefits to be gained between smaller Councils and across the larger group of the Clyde Valley. However this may only achieve better outcomes if the issue of local roads maintenance and repair is part of a national solution. This would involve discussions with the Scottish Government. Clyde Valley Councils should instigate these discussions.

In the interim or as a first step, I recommend that Councils should look at pooling and sharing expert staff in the context of a joint workforce planning strategy.

Opportunities and Challenges**11.1**

Councils are responsible for the repair and maintenance of roads and footways within their area, but not trunk roads. They prepare and implement road and footway resurfacing/reconstruction programmes as well as cyclic maintenance including repairing potholes; emptying gullies; road markings and signs; safety markers; drainage; weed killing and grass cutting.

11.2

Councils also provide some specialist services such as the design of major projects, structural engineering, traffic management and transport, and flooding and drainage services. This is an area where there appears to be a lack of expertise and resources across a number of authorities.

11.3

Procurement savings are already being generated in Scotland through Scotland Excel and Procurement Scotland for materials for roads and fleet, and street lighting. No doubt this could go further and there may be a role for these organisations in advising about the procurement of specialist services where Councils find it difficult to provide these.

11.4

This is a service area that could be shared or pooled and perhaps relatively quickly, given the similarity in services provided and the shortage of expert staff in a number of authorities.

11.5

A shared local service could deliver:

- Improved demand forecasting, and enhanced forward planning and programming of works and services;
- Better supply chain management, with greater use of frameworks and call-off contracts to achieve economies of scale, including joint contracts and shared roads services;
- An improved understanding of road maintenance and construction costs and improved strategic decision making;
- Reduced maintenance costs – newer plant will incur a reduced level of maintenance and operating costs;
- Efficient use of labour – consolidating works programs throughout a region should enhance the ability to fully utilise labour, something that has not been assessed by this study;
- Expanded plant and equipment – conducting regional works programmes should enable the purchase of more specialised production plant and equipment that is not justifiable for individual Councils;



- Greater professionalism – a larger works programme should be able to remunerate sufficiently to attract professional staff, particularly at the strategic managerial level and also maximising the use of specialist skills;
- Consolidated administration costs – benefiting Councils through the tendering process and by reducing the upfront purchase cost;
- The development of a comprehensive works programme developed at a regional level that coordinates all human and physical capital;
- Integration of the regional works programme and a scheduled program for reducing the level of capital invested in plant and equipment; and
- Greater standardisation of requirements leading to the use of standard contracts.

11.6 There is considerable scope for Councils to reduce the level of capital employed in their plant and equipment involved with road maintenance. While this represents a “one-off” saving, this saving could be redeployed to enhance the professionalism of road maintenance and construction, bringing in-house services which are currently engaged contractually, or to address the infrastructure backlog.

11.7 Geography is perhaps the main barrier to an eight authority shared service, but smaller subgroups of the authorities involved in the review could develop a shared operation.

11.8 These are complex logistical challenges and the CVCPP should delegate the responsibility of developing any agreed business case development to senior officers with operational expertise, such as the directors of these services.

12.0 Shared Property Management and Office Hubs

Summary

Clyde Valley Councils spend approximately £123m on property maintenance and in the region of £77m on facilities management. See figures 17 and 18, on page 48.

Asset Management Planning as a concept appears to be well established across the public sector in Scotland; however its implementation is at varied stages of development within individual organisations. In recent years there has been improved guidance from a number of bodies; however the approach across the public sector remains disparate.

I recommend that each Council develops a robust asset register as a matter of priority. They should not delay in agreeing the best way to do this, but use existing examples and good practice available from the national benchmarking group and recent professional guidance.

I recommend that each Council and its partners develop joint asset registers and begin joint planning, management and property sharing. Most benefit in this area will come from a local approach with partners within the Council boundary to joint shared accommodation and use of assets. This should include identifying and tackling barriers to strategic joint working around public assets and developing shared property databases to facilitate joint working.

Councils also have to deal strategically with surplus assets and property both with partners and at a Clyde Valley level. Glasgow has recently established an arms length organisation to deal with surplus Council property and to market it. I believe there is merit in the other Clyde Valley Councils exploring with Glasgow how they may market select properties through this arms length arrangement.

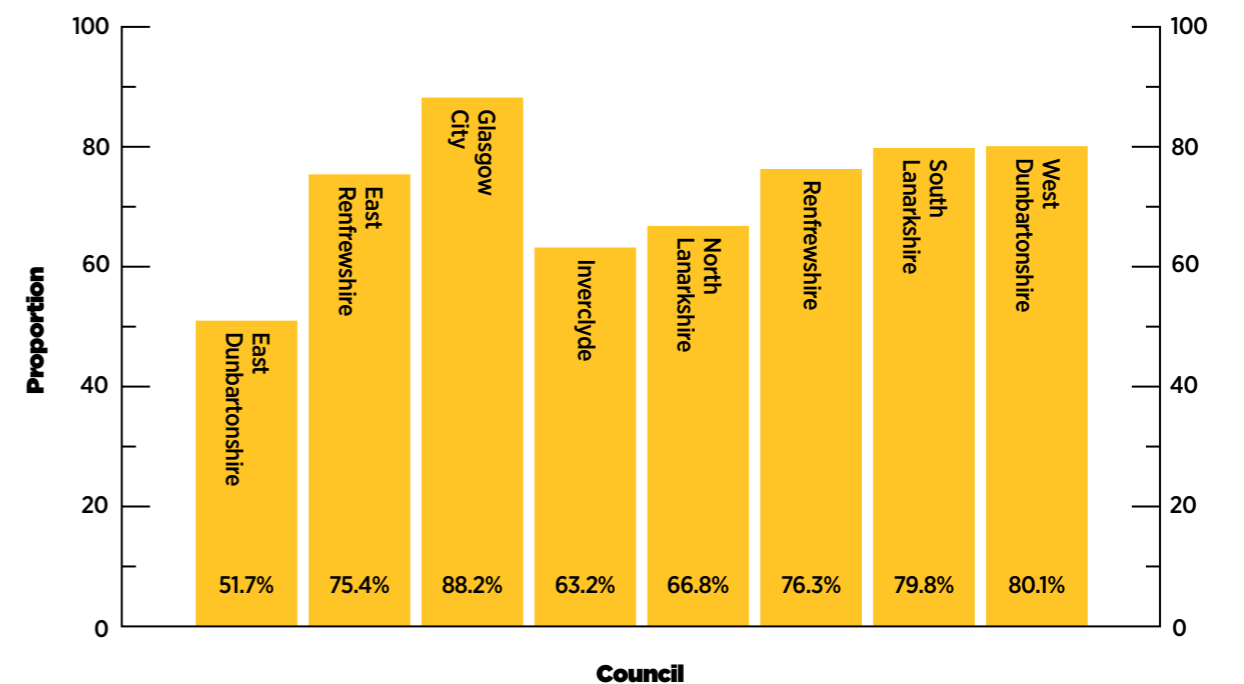
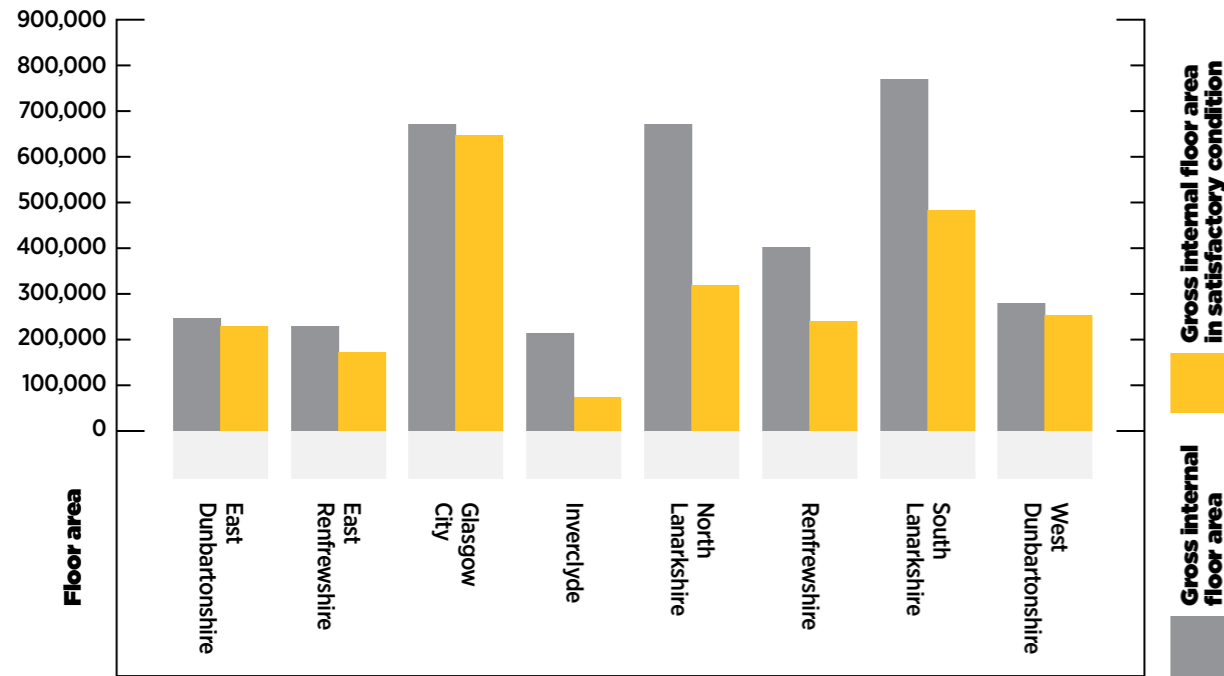


Figure 15. Proportion of Operational Buildings suitable for their current use 2007/08

Figure 16. Comparison of gross internal floor area (operational buildings) against suitability of condition 2007/08



Opportunities and Challenges

12.1 After employee costs, the largest cost to the public sector is fixed asset spend – Scottish Councils spent around £1.1billion on property running costs in 2007/08⁷. Property assets make up 50% of the Councils’ assets⁸ therefore good asset management is critical to demonstrate Best Value is being provided.

12.2 Good asset management can generate funding through increased income from sale of surplus assets, which will also generate long-term revenue savings since those assets are no longer consuming revenue budgets. Improved management of assets can also lead to service improvements and reduced revenue costs in the longer term. The current economic climate is likely to result in reduced capital income from the sale of assets, and Councils may decide to retain properties until market conditions improve. This would result in continued maintenance and running costs, and may also impact on capital projects which rely on income from sale of assets.

Councils need to consider how to balance this situation. Historic valuations need to be revisited and to take account of predicted property valuation over the next 5-10 years.

12.3 There appears to be little consensus on the level of asset management data available across Scotland. There is currently no single strategy for shared working in respect of Asset Management. Data on property performance should be collected to ensure that the cost of occupying property can be compared to the benefits or outcomes being delivered⁹. This requires some degree of commonality to be developed in the models being implemented by the partners to allow asset data to be effectively shared. It will also require this data to be transferred in a coordinated approach to identify common service needs that will allow capital programmes relating to these specific areas to be harmonised. This will require cooperation at a senior level within the organisations.

12.4 When carrying out assessments on property Councils generally consider the overall cost of running the property, the use made of the space, the level of service required, the suitability of the property, health and safety issues, environmental sustainability and workplace productivity. Clyde Valley Councils will, each in its own way, be undertaking this type of assessment, which would provide a useful starting point for any joint/shared asset options. Taking this forward on a joint /shared basis would provide business benefits, including – release of capital for reinvestment, improved utilisation of property by bringing together similar uses in to the same property and reduced running costs¹⁰. See figure 15 on page 45 and figure 16, opposite.

12.5 It has been a fairly long standing intention of Councils and their community planning partners, such as health and the police, to deliver joint asset management and to jointly use local buildings and resources. This has been supported and advocated by Audit Scotland but there has been little actual progress to date. This is an area for real progress but I acknowledge the challenges in agreeing a common asset register and surplus asset management strategy and joint investment. Where appropriate good practice from elsewhere in the UK should be incorporated into the process.

12.6 There appears to be limited commonality between the property databases held by local authorities or their partners in the Health Board and the police. NHS for example is currently engaging consultants to develop a system which will hold their asset information across Scotland. This makes benchmarking, and data sharing, difficult or inconsistent. The opportunities for a common approach are varied and a few of the key areas where opportunities do exist are detailed below.

12.7 The sharing of facilities and buildings will also lead to the natural consideration of joint facilities management and the use of support staff and systems (ie the rationalisation of the back office).

12.8 Councils also have to deal strategically with surplus assets and property both with partners and at a Clyde Valley level. The recession is not a good time to realise cash from surplus assets but some sale of assets will be necessary as part of any finance strategy for Councils. I recommend that the Clyde Valley Partnership take a strategic approach to how to manage surplus assets and release these resources as part of the economic and regeneration strategy for the area.

12.9 I note that Glasgow has recently established an arms length organisation to deal with surplus Council property and to market it. I believe there is merit in the other Clyde Valley Councils exploring with Glasgow how they may market select properties through this arms length arrangement.

12.10 The Scottish Futures Trust (SFT) was established as an independent organisation owned by Scottish Ministers and charged with providing innovative ways of financing public sector infrastructure projects. Scottish Futures Trust is likely only to offer a relatively small value of financial capacity to potential Clyde Valley partners. Two pathfinder territory areas will each be supported by £1.4million Scottish Government funding over a five year period. The Scottish Government has asked the Scottish Futures Trust to look at opportunities which may be available in respect of asset management. SFT and Audit Scotland are currently discussing this proposal.

⁷ Audit Scotland (May 2009) Asset Management in Local Government
⁸ Ibid
⁹ RICS 2009 local Authority Asset Management Best Practice – 03 Value for Money
¹⁰ RICS Public Sector Asset Management Guidelines – Senior Decision Makers’ Guide 2007 pg 7

Figure 17. Civic Infrastructure - Gross Expenditure*



Figure 18. Civic Infrastructure - Employee Costs (6720 FTE)*

* Source: Indicative Costs from Council Revenue Estimates 2009/10

13.0 Joint Development of Support Services (The Back Office)

Summary

There has been considerable scrutiny of this area as part of the national diagnostic work with the Improvement Service since 2007.

There is potential to take a number of the Clyde Valley business cases arising from the Diagnostic Pathway work forward together. Evidence from examination of the individual business cases being pursued by each Council highlights that a high number of them are more alike than they are different.

Councils are cautious about the savings and investment figures used in the business cases. There is a view that the savings stated are over-optimistic or their basis is considered challengeable.

Clyde Valley Councils need to come together as a group to assess and decide on what business cases to take forward together. Many require investment, will not be quick wins and deal with only the lower range of savings that Councils require. They do not appear in themselves to be vehicles for significant service reform. More radical service reform and efficiency may be delivered from the other areas highlighted in this report. The most common themes between these business cases and planned improvements are in the areas of:

- Customer Engagement and Assess & Decide - all eight Councils have business plans in this area.
- Business Support & Information Management Projects - all Councils have plans in this area.
- Human Resources - North Lanarkshire, West Dunbartonshire, South Lanarkshire, Inverclyde, East Renfrewshire, Renfrewshire Councils.

I recommend that all eight Councils come together to:

- **Formulate** a single or joint approach in these areas,
- **Evaluate** the benefits, particularly investment versus time and benefits,
- **Act;** or
- **Discard** these cases.

This FEAD approach will speed up the realisation of joint action.

Opportunities and Challenges

13.1

Local government and the public sector in Scotland have been actively involved since 2000 in the Government's modernisation and efficiency programme. The Scottish Government has injected significant sums of money into the public sector to support the approach; however there has not been a clear emphasis on developing shared services. See figures 19 and 20, overleaf.

13.2

In the absence of a shared understanding of what was to be achieved, Councils and others have focussed on strategic national projects and or single Council business process analysis aimed at streamlining in house procedures. This has often been time consuming and tackled from a business improvement perspective. In the absence of a stronger vision of what the future Council may look like, and the initial investment cost required, it has not been a successful vehicle for significant improvement and sharing. It focussed on 10-15% of Council activity and is seen as predominantly a business process or administrative area.

Figure 19. From Modernising Government to Shared Services

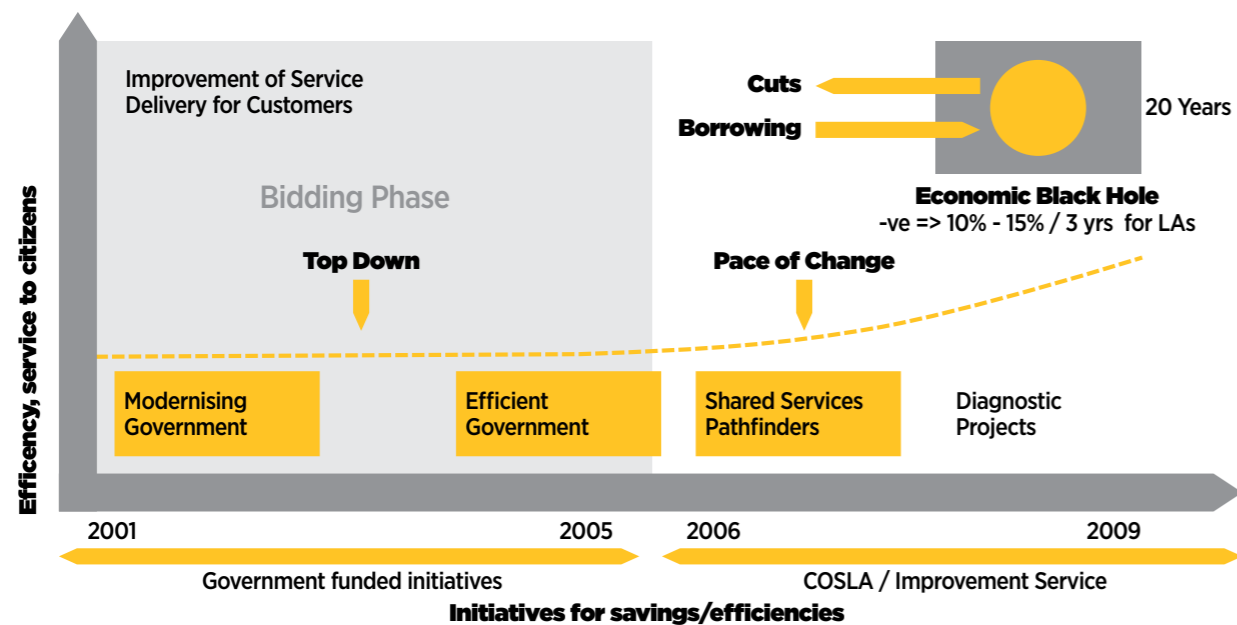
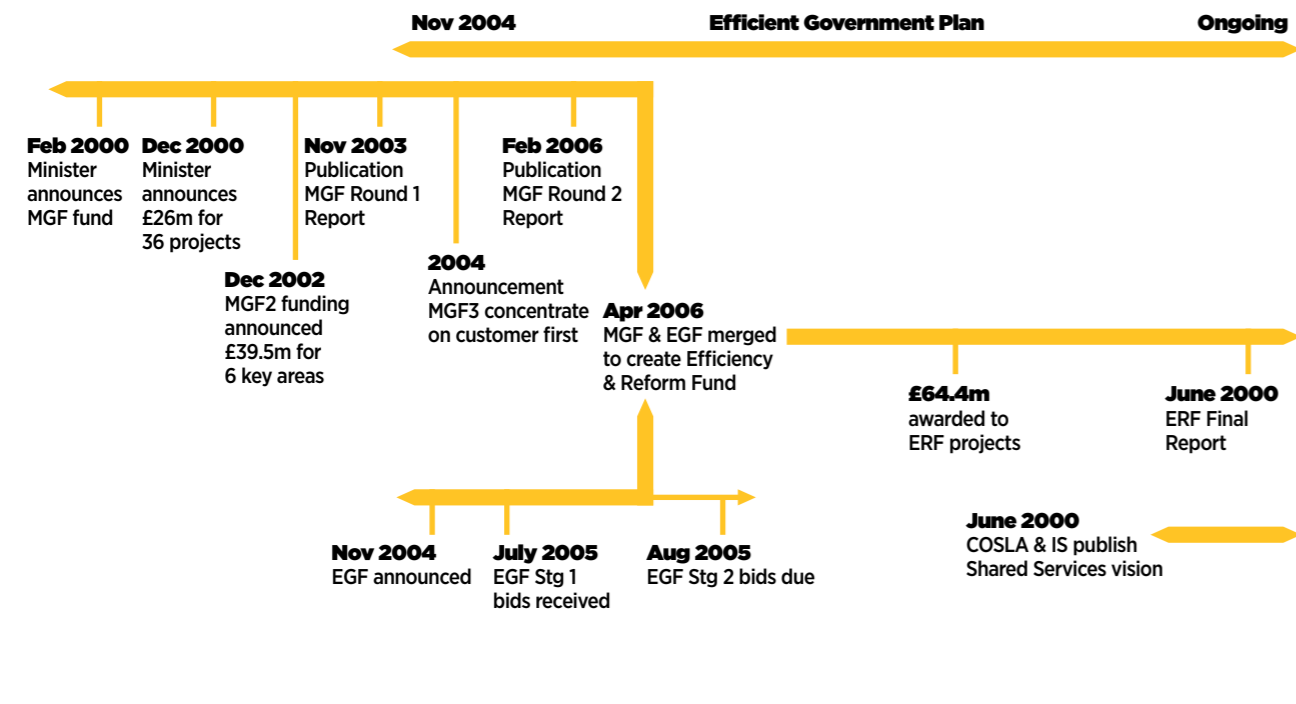


Figure 20. Increased Pace of Change in Efficiency & Reform



13.3

The two rounds of the Modernising Government Fund injected over £65 million into initiatives in the Public Sector throughout Scotland. Although progress reports have been produced for both rounds, no statement of benefits has ever been published. The programme has no doubt laid some important foundations for sharing but since we cannot assess the benefits fully, some of the potential from these early projects has never been fully exploited.

13.4

It is fair to say that the outcomes from the Efficiency & Reform Fund projects throughout Scotland, for which a final report was published in June 2009, have been mixed. Some projects have already completed and delivered significant levels of savings, while others have drifted along with no conclusion in sight. If all of the Efficiency & Reform projects were to deliver on their business cases, the Scottish public sector would realise over £493 million in benefits in a time frame from three to ten years.

It is important to note that the projects which have tended to deliver savings have had a local focus and clear and limited objectives. There has also been a clear mandate among all relevant stakeholders for delivery.

Current Business Cases

13.5

At present there are over 200 individual business cases in Scotland as a result of the shared services diagnostic exercise completed in 2008. The Clyde Valley local authorities have contributed 95 of these. Initial analysis at a high level identified that the eight Councils intended to proceed with at least 70 of these opportunities. This section examines those business cases, both where the intention is to proceed or not, with a view to identifying potential for combining individual Council initiatives into shared implementation and services.

13.6

The Clyde Valley Councils' business cases are grouped into the themes shown:

- Assets & Property Projects	10
- Business Support & Information Management Projects	20
- Customer Engagement and Assess & Decide	21
- Financial Planning & Management	10
- Flexible, Mobile & Home Working	8
- Human Resources	11
- Procurement	7
- Programme & Change Management	5
- Transport Services	3

13.7

At this time the Councils have no plans for working together on these similar approaches or opportunities. A cautionary note must also be sounded with regard to the financial business case data, as there is a view that in many cases the numbers stated are over-optimistic or their basis is considered challengeable. With this caveat, in total, the potential net benefits stated by the 95 business cases could be of the order of £84.1 million over the first five years, with a further £79.4 million in recurring benefits from year six onwards. It is estimated that this would require investment of at least £120m over 5 years.

13.8

This estimate is considered conservative since a significant number of business cases have not, at this stage, been expressed in financial terms, or in some cases there is a reluctance to share this data due its perceived lack of robustness.

13.9

There is scope for realising greater benefits if some of these business cases could be combined into single projects, with the aim of:

- Simply sharing information
- Collaborative design of common, transportable business solutions
- Collaborative procurement of consultancy, assets or IT solutions
- Informal arrangements for the sharing of services
- Formalised shared service delivery vehicles and governance structures

13.10

As an example, the nineteen Customer Engagement grouping of business cases were examined spanning all eight Councils and evidence was found as follows:

- Sixteen have a stated aim of improving customer service,
- Sixteen want to establish more online services and self service capability,
- Twelve seek to maximise investment in customer relationship management functionality,
- Ten want to seek ways to optimise the skills and knowledge of staff,
- Nine were about clearer definition of eligibility criteria supporting single assessment,
- Nine expressed a desire to use customer channels for consultation and customer satisfaction feedback,
- Eight were about use of knowledge management to support improved customer experience,

- Eight were going to look at optimising access to Council services,
- Eight were looking at better integration between front office and back office,
- Seven will seek to maximise automation of routine enquiries and payments.

13.11

Essentially this confirms that the Clyde Valley Councils are all looking to move in the same direction to improve customer service and improve efficiency. If they choose to move forward by working together this could result in:

- Standardisation across the Clyde Valley using the software called LAGAN, the national customer relationship management solution,
- Development of a Clyde Valley wide transactional portal, providing a single customer interface to local service delivery,
- Joint commissioning of customer segmentation research to match customers across the Clyde Valley to appropriate customer contact channels, leading to development of optimal customer strategies,
- Joint development of assessment and eligibility criteria, and knowledge databases to support the philosophy of "one and done",
- Rationalised contact centres across the Clyde Valley – using the best performing centre to provide services to the rest plus a network of area wide Customer Service One Stop Shops,
- Establishment of a Clyde Valley Customer Service limited liability partnership as a common customer facing front end service.

13.12

A full analysis of the connections between the business cases has been made and will be available to the CVCPP separately. It includes a detailed perspective of the funding and initiatives in this area since 2000.

13.13

Some of the business cases in their current form would not deliver results until 4 or 5 years down the line, although this could be accelerated in the current climate. There may be quicker or better wins through looking at the shared service proposals in civic infrastructure or strategic issues. I recommend that all eight Councils come together to:

- **Formulate** a single or joint approach in these areas,
- **Evaluate** the benefits, particularly investment versus time and benefits,
- **Act;** or
- **Discard** these cases.

This FEAD approach should accelerate the identification of programmes that are highly likely to yield significant benefits and efficiencies.

14.0 Joint Workforce Planning

Summary

The financial challenge and the demographic changes will have an impact, not just on the number of jobs in the public sector and for Councils, but also on the nature of those jobs, the skills required and the flexibility required in terms of remote or agile working.

Councils are working on individual Council workforce planning strategies. These are at a very strategic level and they need to come together to share information, good practice and practical solutions for managing the significant change required in this area.

Staff need to be kept informed of the direction of changes and this will need to be done skilfully to fully outline the challenges but also to stress that there will be opportunities for some staff to enhance their skills and career prospects.

A greater partnership is needed with the trades unions in the areas of joint working and sharing.

I recommend that Councils bring together their current individual workforce planning strategies into a joint workforce strategy. This should consider joint opportunities for pooling resources and staff where expertise is scarce. I am mindful that the disparate terms and conditions across Scotland's authorities have made this a time consuming task in the past.

As a matter of urgency, I recommend that trades unions are brought together from across Councils and partners in the Clyde valley to discuss and consider the impact of these changes proposed and the challenges ahead as part of a partnership approach to public service reform.

Opportunities and Challenges

14.1

Councils are tentative in spelling out what service reform and sharing might mean in their own Councils in terms of jobs. They want the opportunity to consider what the future Council requirements are and what the organisation may look like and are using a number of approaches to also mitigate the impact on job numbers.

These include:

- Natural wastage,
- Recruitment freezes,
- Service reform,
- Changes in working practices.

14.2

As the major employers in the area, Councils are keen to ensure that they retain posts, retain staff and are mindful of the impact on the communities, where many of their staff work or commute to other Clyde Valley organisations to work.

14.3

This is an uncertain time for staff. Lack of information or a clear approach means that they may lose focus, can become demoralised and Councils run the risk of losing expertise, good people and productivity. A clear and straightforward strategy is required to communicate to staff about the Council plans and what they are doing to address these issues set out above. There are some signs that Councils are beginning to develop this approach. Such workforce involvement throughout the next 4-5 years will enable Councils to deliver the necessary improvements.

14.4

Almost all Councils are preparing or have workforce planning strategies and work is ongoing at COSLA to look at the approach nationally, although this is at a fairly early stage. Councils in the partnership have yet to bring these strategies, which are at a fairly high level, together. This is essential.

14.5

It is clear that the nature of the work of the public sector will change and that new skills and flexibility will be required. It will be necessary for Councils to plan actively for this change, including;

- Succession planning,
- Service reform to respond to changing customer needs and demands and changing resources,
- Sharing of staff expertise where there is reduced capacity even now and going forward, for example in the areas of environmental health inspection, road management and design, specialist legal advice.

14.6

In the course of the review an example of shared services was highlighted in the shared civil contingency team between Renfrewshire Council, Inverclyde and East Renfrewshire. This is a welcome development; however it was relatively small scale and appeared hampered by lengthy preparation and negotiation between organisations and staff about location, terms and conditions and accountability. This serves to highlight the complex planning required to re-locate or re-assign staff between authorities. These hurdles must be overcome.

14.7

Throughout this report there have been specialist service or areas where the sharing of staff have been suggested. These should be explored further as part of any arrangements to pool or share staff.

These include:

- roads and maintenance
- supply teachers
- psychological services

14.8

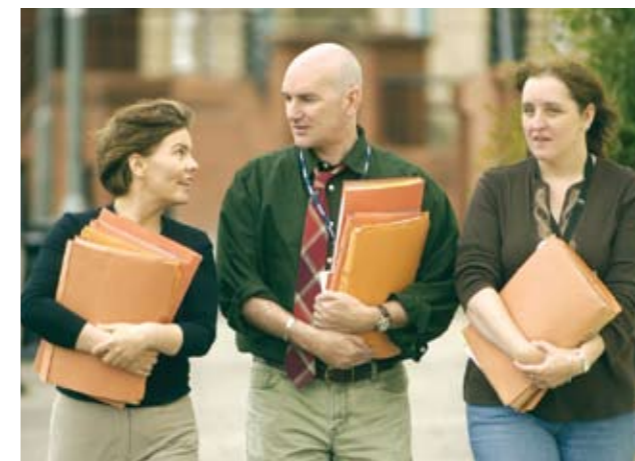
There are disparate terms and conditions amongst the Clyde Valley Councils and partner organisations. This situation has not been improved by the introduction of equal pay settlements. This makes it very complex and almost prohibitive to consider sharing staff on an ad hoc basis and a practical approach to this problem is urgently required.

14.9

Councils themselves do not have the ability to overcome all of the hurdles and will require working in partnership with trades unions and the Scottish Government to achieve the reform required.

14.10

I have been struck by the lack of a shared negotiating structure at a national or local level that goes beyond terms and conditions. I am supportive of a forum to discuss the broader challenges and reform required between the Councils and the trades unions both at a national and local level.



15.0 A Common Charging Framework

Summary

The introduction to this report highlighted that any approach to the financial squeeze will have to look at raising income. In the short term this should include considering new or increased fees and charges.

It would appear that there is no uniform national charging policy framework for local authorities' service areas. Not all of the eight Clyde Valley Councils have a corporate charging framework for their own services, although they have individual charges for specific services.

Charging for services or introducing or increasing fees is a challenging issue for Councils to address at any time but particularly in a recession. Opportunities for charging often seem in direct opposition to local or national political priorities. Given this challenging environment, the eight Councils should move forward on this together and use the opportunity to create a standard charging framework.

I recommend that the Councils should work together to introduce consistency across the Clyde Valley on charging, where this does not cut across local priorities, to make this more easily understood by citizens and to avoid a 'postcode lottery' for fees and charges in neighbouring authorities. See figure 21, opposite.

Challenges and Opportunities

15.1

A review carried out recently by the Audit Commission in England indicated that only one in five Councils believed it was using charging to its full potential. In addition, nearly half of all Councils had no agreed policy to guide their decisions on the use of charges.

15.2

Revenue income generation provides an opportunity area for the eight Councils to work together. Charging already exists in many service areas and it should be possible for a joint approach to be adopted in such areas or indeed for totally new income streams to be considered. Councils need to adopt a more consistently applied approach in relation to income policy.

15.3

Given the financial climate in which all Councils are now operating, the sustainability of continuing to provide certain services to all citizens without imposing any charging regime on those who do genuinely have the ability (if not desire) to pay needs to be reviewed. There is an opportunity to create choice and access to an extended range and quality of service through off-setting the cost of certain services by either charging a fee for the first time or increasing the level of fees already in place.

15.4

It is recognised that there exists considerable barriers to a collective approach to income generation by Clyde Valley Councils being successfully adopted. This includes:

- Variations in typical socio-economic circumstances in differing Council areas to a common charging framework,
- Meeting of local political and corporate objectives.

15.5

Glasgow City Council has recently engaged PricewaterhouseCoopers to carry out some consultancy work on Revenue Income Optimisation. West Dunbartonshire Council is also in the process of making arrangements to procure similar external assistance. Collectively, the eight Clyde Valley Councils could make use of the outcomes of this work in terms of identifying opportunities to move forward together in driving up the level of income raised in specific areas. It would also be an effective shared use of externally commissioned advice.

Links to the Diagnostic Project – the 'Back Office'

15.6

Five out of the eight Clyde Valley prepared a business case during the Diagnostic Pathway Project which had the theme of revenue income optimisation. Only three of these business cases are currently being taken forward.

Figure 21. Charges Analysis

	East Dunbartonshire	East Renfrewshire	Glasgow City	Inverclyde	North Lanarkshire	Renfrewshire	South Lanarkshire	West Dunbartonshire
Domestic Waste / Special Uplifts	Free of charge for most items	£20	Free of charge for most items - Chargeable items £78.20 per hour	£59.20 per half hour (minimum charge)	3 free per year then £15 each	£18.40	No charge	Free for some items otherwise charge of £42 imposed
Burial Grounds	Internment: Adult £433 resident £866 non-res.	Internment: Adult £286 resident £858 non-res.	Internment: Adult £529 resident £792 non-res.	Internment: Adult £433	Internment: Adult £353	Internment: Adult £288.75 resident £866.25 non-res.	Internment: Adult £325.85 resident £866 non-res.	Internment: Adult £450 resident £700 non-res.
Crematorium	N/A	N/A	£529 resident £792 non-res.	Standard rate £886	Crematorium is privately run	Crematorium is privately run	Adult 16+ £365	Standard rate £470
School Meals	£1.60	Primary £1.65 Secondary £1.75	£1.15	Primary £1.60 Secondary £1.80	Primary £1.55 Secondary £1.65	Primary 1 £1.55 Primary 2 £1.60 Secondary £1.80	Meal Deal £1.20	£1.50
Music Tuition in Schools	£140 per year with 50% discount for second child	£100 per year with 50% discount for second child	Free of charge	£87.50 per year - free for pupils who qualify for free meals, clothing grants or study standard/higher	Free of charge	£75 per year - second child free - free if in receipt of clothing grant or free school meals - free if sitting as a SQA subject	Free of charge	Free of charge
Swimming Charges	Adult £2.20 Juvenile £1.65	Adult £2.90 Juvenile £1.80	Adult £2.20 Juvenile Free with Kidz Card	Adult £3.90 School children and Over 60s free	Adult £2.70 Juvenile £1.40	Adult £3.40 Juvenile £1.70	Adult £3.20 - £3.80 Juvenile £1.60 - £2.20	Adult £2.60 Juvenile £1.90

15.7

The approach to charging should take account of the existing business cases and actions which should be put through the FEAD approach outlined on page 53. These include early proposals to create:

- an automated/self service transactional website where citizens can request and book chargeable Council services,

- single routing of telephone enquiries about chargeable Council services through a Customer Contact Centre; and

- collection of as much income as possible in advance of service delivery.

Part 3

Framework & Criteria

16.0 A Framework for Moving Forward

16.1

As part of the approach to the review, I agreed to develop a framework or roadmap which the CVCPP could adopt or adapt to progress agreed recommendations. The diagrams on pages 6 and 7 of this report give the vision for what shared services could look like and the outline timetable for action. These should be read in conjunction with this section which sets out the supporting elements of that Roadmap or Framework. This includes;

- A short outline on governance arrangements, although clearly these are for the CVCPP to decide, including risks and challenges.
- More detail on the legal or procurement issues referred to on page 16 which needs to be addressed in full nationally and in any business case taken forward.
- Some guidance on how to consider streamlining decision making on the value of services when Councils have to make difficult decisions going forward. This might help to inform a consistent a Clyde Valley wide approach to this issue.
- Criteria which has been used to shape the thinking on the options considered in the review and which might prove useful going forward.

Governance

16.2

As outlined in the main findings of the report, civic leadership and 'stickability' by Leaders and senior officers will be critical in taking any recommendations forward. The CVCPP has operated as a relatively loose federation of local authorities and other partners and this has worked well in delivering a shared vision and economic benefit to the area.

16.3

As part of the development of the review, a summit meeting was held of the entire political leaders of Councils and public sector partners and respective chief executives. It proved a useful meeting and one which had the right people at the table to take necessary decisions.

The CVCPP is keen to continue this format of meeting. It should be the core governance group for leaders and chief executives driving the recommendations from this report. The main summit meeting need only meet around 4 times per year to drive progress in key areas.

16.4

Business cases will be required to clarify and manage the change required. It is important that there are dedicated resources to take these forward. It should not fall to individual Councils to take the lead at a time when resources are tight and there are competing demands. A specific team or resource should be made available to develop a business case when a decision is taken to explore a proposal. Senior officers to lead these business cases should come from the operational area under review. The CVCPP has directors and senior officers that can provide valuable expertise and experience here.

16.5

In the course of gathering evidence for the review, the review team gathered examples of governance models and business models for shared services. These can be made available to the CVCPP to consider in more detail once it has agreed the principles of its shared approach and when it is at the stage of looking at structures or models that have been tried elsewhere.

Some Risks In Moving Forward

16.6

There are risks in taking any shared service proposals forward. Governance needs to address these issues from the outset. Slow or no progress often comes from:

- Lack of political or senior management engagement,
- Lack of a clear mandate or remit for change and a clear vision of what the future will look like,
- Lack of clarity and sharing of business benefits,
- Lack of effective management oversight from partners,

- Development of a business as usual mentality where partners approach is “someone else is dealing with this” – particularly where this also involves avoiding addressing the knock on impact within partner organisations,
- Initial milestones not being hit – creates lack of confidence and reduced trust in solution,
- Lack of communication of what will be done differently – resistance is often simply due to people not understanding the benefits.

16.7

Other barriers and issues that complicate the current consideration of shared services are specifically relevant to the current environment in which Scottish public services are operating:

- The scale and pressure on public sector funding over the next 5 to 10 years
- Uncertainties over how the public sector may adapt and change over the next few years – including the possibility of reorganisation that may affect the structure, geographic coverage and remit of various public sector partners.
- The continued development of new organisations operating within various national or regional contexts that add layers of complexity to the current picture.
- Current funding mechanisms where resources and funding are passed through various organisations to third parties where there is little control over performance or use of the funding – or where budget cuts in one organisation can restrict third party funding and have serious adverse impacts on the ability of partners to achieve targets and outcomes for which they are responsible. This causes tensions between organisations that can be detrimental to effective partnership working.

Legal and Procurement Risks and Challenges**16.8**

There are a number of issues in moving to an inter authority shared service approach which the eight Councils cannot address without support from the Scottish Government. These are set out on page 16. This section sets out more information on the legal, procurement and equal pay issues highlighted where further clarity is also required.

Legal Framework**16.9**

There are very specific powers which Councils can use to develop shared services. These include the Goods and Services Act, the delegation of statutory duties to another Council or partnership (Vires) or the general Power of Wellbeing. All have some limitation and have not been tested fully in Scotland in a shared service development between eight unitary authorities.

16.10

The Power of Wellbeing has been used more extensively recently to set up arms length arrangements to deliver Council services. Although it was set up to allow for innovation and sharing with partner organisations, it has been interpreted more narrowly by the courts. A recent court case involving several London Boroughs on shared insurance schemes was challenged successfully.

16.11

Current legislation is clear on how local authorities can delegate statutory duties to other authorities. Delegation to other bodies such as an arms length arrangement is less clear. The power of wellbeing can be interpreted that unless legislation specifically prohibits it, then delegation can be permitted as long as it promotes the wellbeing of the area and/or the people within that area. However, different views prevail and this could therefore be a potential barrier and open to challenge if statutory functions were to be delegated.

16.12

Clarity is needed from the government on the extent of the Power Of Wellbeing and if they would support secondary legislation to smooth the way for inter authority shared services. Without this support, Councils are open to legal challenge and carry risk when considering shared services. There are calls to widen the scope of the power of wellbeing to specifically include joint actions by local authorities which deliver improvements in cost efficiencies, or alternatively to tie in new powers with the best value duty.

Procurement**16.13**

Whilst local authorities can, provide services to other local authorities or public bodies, under the Goods and Services Act they must comply with Procurement Law. For example they could not award a Contract direct to another Local Authority without complying with the EU Procurement Rules.

16.14

If local authorities set up an arms length arrangement then it could only provide services to its members if it complies with TECKAL. This enables local authorities to award a contract to a separate legal entity without competition provided that two important principles are met:

- Firstly, the local authority must exercise control over the entity which is similar to that which is exercised over its own departments, and
- Secondly, at the same time the entity must carry out an essential part of its activities with the controlling authority.

Equal Pay**16.15**

If services are provided by another body then TUPE is likely to apply and staff would therefore transfer to the local authority or body which is the new provider of the services. This has the potential to cause a barrier to shared services as;

- not all Local Authorities have yet tackled equal pay issues,
- they may have used different comparators,
- they are likely to have used different salary scales.

This is a potential major hurdle when sharing with other local authority partners, such as Health, which have different pay and conditions structures and substantially different comparators.

16.16

Discussions have previously taken place between Glasgow City Council and Government Ministers in relation to this matter and requests have been made to review the legislation, the use of comparators in a large organisation such as a local authority, or to better protect employers who implement Job Evaluation Schemes.

17.0 Assessment Criteria

17.1
During the course of my review, consultations and discussions with a wide range of stakeholders have indicated that initiatives for change must be supported by strong business cases that demonstrate positive and achievable outcomes. It is not sufficient to adopt shared service approaches merely in an effort to ensure cash efficiencies without due consideration for the vitally important delivery of services to the public.

17.2
Accordingly, any proposal for joint working or shared service must undergo rigorous assessment to determine the feasibility of each initiative and a satisfactory level of confidence in the proposed benefits of implementation.

17.3
Throughout the review consultation process, I have made reference to the following set of test criteria which, in themselves, illustrate the various tensions which need to be considered in assessing the viability of options for joint working:

Customer Outcomes	Affordability
Delivering Efficiency	Capacity to Deliver
Delivering Cash Savings	Employee Impact
Local Delivery Needs	Sustainability
Political Acceptability	Risk

17.4
These criteria demonstrate that, for any proposal for future joint working initiative or shared service, there will be positives and negatives across each of these headings and a balanced view will need to be established that ensures that proposals have strong positive outcomes which outweigh any detrimental factors.

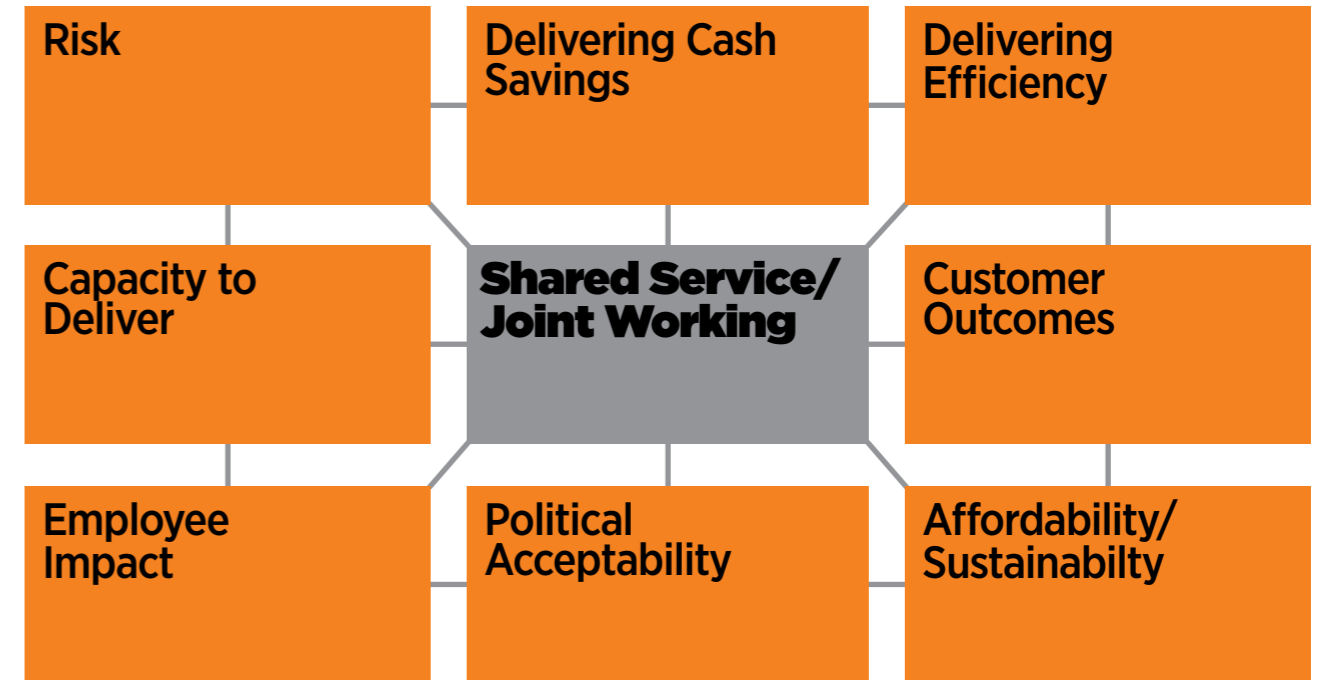
It is a matter for Local Authorities and their Public Sector partners to determine a weighting structure that satisfies their own particular political and local circumstances and aspirations in the assessment of recommendations for moving forward.

17.5
Similarly, it is not for this review to prescribe any definitive model of assessment, but rather to propose a method of appraisal that may be refined and expanded as appropriate in order to produce individual business cases in support of any shared service or joint delivery of service proposition.

17.6
An illustrative model of such an assessment, based on the above test criteria is shown, see figures 22 and 23, opposite, which begins to refine each element of the assessment criteria and is an initial platform on which to build a case for any proposed initiative. This basic framework should be used as starting point in developing the feasibility of options during the detailed development of a business case. Councils, through their work undertaken within the Improvement Services Diagnostic projects, are already familiar with various scoring and weighting mechanisms which may be used in a comparative analysis of potential opportunities.

17.7
Tensions between the individual assessment criteria will provide a challenging framework under which options are appraised and what may work for one Council may not work for another Council. To deliver cash efficiencies will almost certainly have an employee impact. Similarly, customer outcomes may be affected by the requirements to deliver efficiencies based on the capacities and capabilities of individual Councils.

Figure 22. Shared services / Joint working



<p>Customer Outcomes</p> <ul style="list-style-type: none"> - No worse than neutral outcomes - Positive customer experience - Impact on local delivery 	<p>Capacity to Deliver</p> <ul style="list-style-type: none"> - Delivered within a 3-5 year timeframe - CVCPP Councils have the capacity to lead implementation - CVCPP Councils have the capability to lead implementation - Requires high levels of involvement from the private sector - Implementation can be termed as being prohibitively complex - Legislative barriers can be overcome - Technological barriers can be overcome
<p>Delivering Efficiency</p> <ul style="list-style-type: none"> - Will deliver efficiencies for the CVCPP Councils - Potential to deliver efficiencies for wider CVCPP - Potential to deliver efficiencies for the wider public sector 	<p>Employee Impact</p> <ul style="list-style-type: none"> - Negative impact on employees in the CVCPP Councils - Net gain in jobs across the CVCPP area - Net loss in jobs across the CVCPP area - Potentially managed through normal staff turnover, redeployment and voluntary severance within each Council - Potentially managed through redeployment across CVCPP Councils
<p>Delivering Cash Savings</p> <ul style="list-style-type: none"> - Will deliver cashable savings for the CVCPP Councils - Potential to deliver cashable savings for wider CVCPP - Potential to deliver cashable savings for the wider public sector 	<p>Risk</p> <ul style="list-style-type: none"> - National political change within the next 3 - 5 years - Local political change within the next 3 - 5 years - Negative impact on Councils' reputation and image - Loss of control over the in-scope - Difficult to revert to the AS-Is state from the chosen delivery vehicle - Agreement for the proposal to proceed - Business case may not be realised - Disruption to services during the transition period - Possible industrial action - Funding difficulties
<p>Political Acceptability</p> <ul style="list-style-type: none"> - Will gain the political support of the Scottish Government - Will gain the political support of the Clyde Valley Community Planning Partnership - Will gain the political support of the individual Councils 	
<p>Affordability/Sustainability</p> <ul style="list-style-type: none"> - Requires prohibitively high investment - Funding can be found to implement the proposal - Funding will be available on an ongoing basis to maintain the implemented proposal - High degree of confidence in support of service delivery over a sustained period - High degree of confidence in the growing of capability and capacity 	

Figure 23. Assessment criteria



17.8
A balanced view must be taken when considering options for joint working and shared delivery which includes consideration for local identity and accountability. The overarching principles of sharing services to provide benefits should be foremost in the consideration of options:

- sharing best practice through collaboration
- economies of scale and sharing resources, training, investment costs
- simplifying and standardising processes
- increasing flexibility and capacity of workforce
- spreading risk and impact
- reducing costs

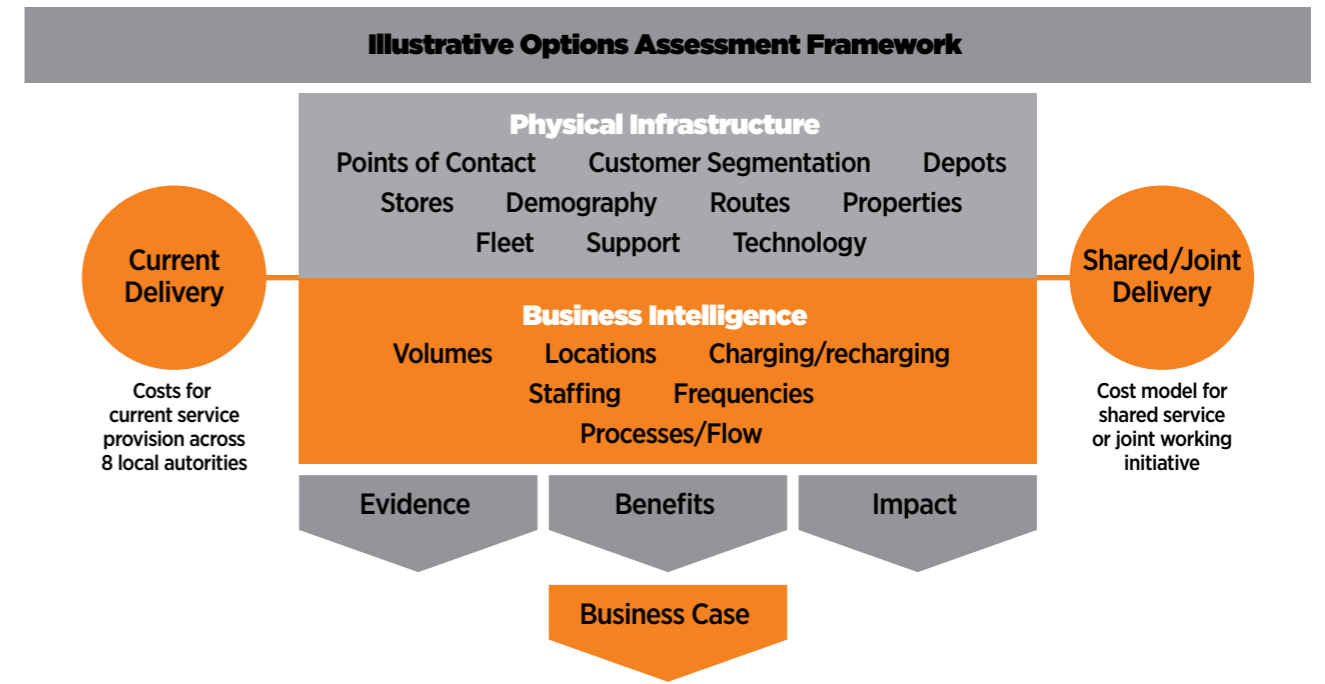
17.9
Governance and accountability models are described elsewhere in this report but it is important to consider potential governance models as part of an options appraisal and where there are particular synergies amongst Councils and partners.

17.10
A full assessment of current and proposed delivery models should be undertaken during the development of business cases for each particular joint working or shared service initiative going forward. An initial 3-step process is proposed as follows:

1. Initial Assessment

- Initial qualitative criteria assessed early in proposal which can be applied to any proposal - foundational framework for shared delivery and joint working.
- This could involve the criteria model described above with appropriate weighting applied.

Figure 24. Assessment Model – Identifying Service Delivery Components



2. Existing Core Business Data: Council specific

- Core business intelligence data to establish current costs, volumes, people, processes and technology.
- Volumetrics to establish demand, frequencies, locations, capabilities, performance.

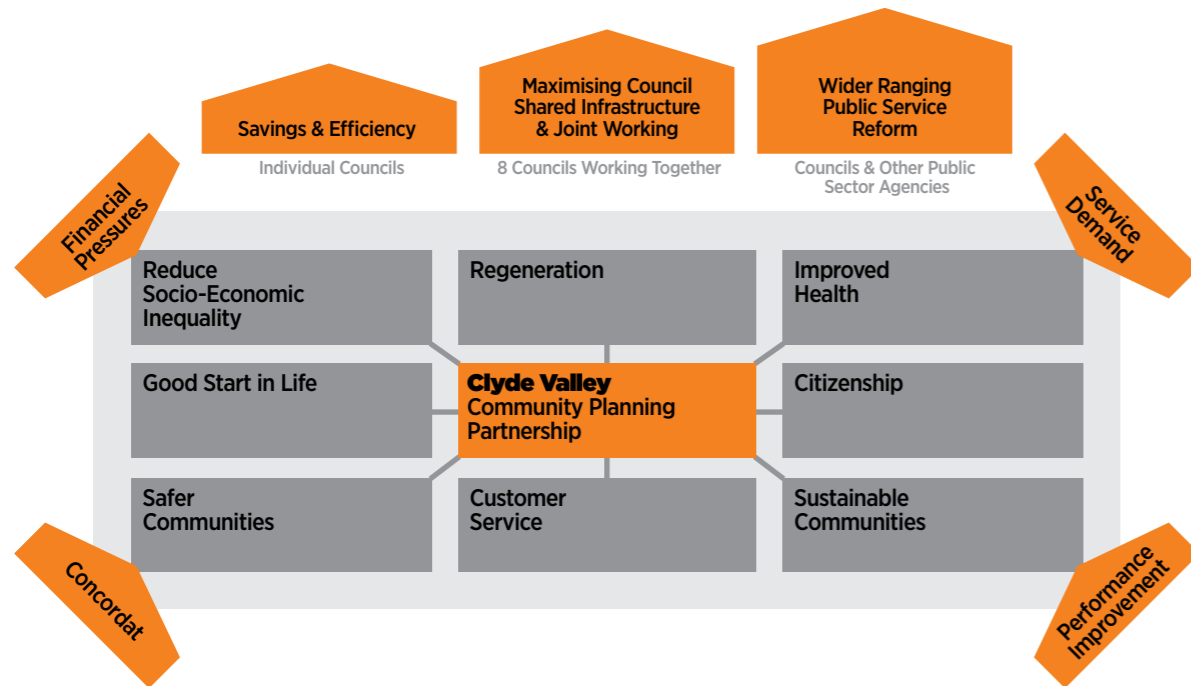
3. Proposal Definition: Costs & Benefits

- Definition of alternative delivery models including proposed costs, people, assets, technology.
- Levels of investment, timescales, implementation plan, resources, change management, governance arrangements, accountability.

The next stage for Councils and their partners is to move forward with a suitable options appraisal framework including criteria for assessment, business and financial data analysis and a costs/benefits/impact analysis in order to develop robust business cases that will realise the desired benefits. See figure 24, above.

18.0 Prioritising Outcomes and Driving Value

Figure 25. Delivering Outcomes Through Sharing and Reform



18.1 Questions were raised in the review about how and what needs to change in our management processes and procedures to deliver a future shape for the public sector that can balance the competing demands. In particular, how do Councils ensure that they and partners are focusing increasingly scarce energies and resources on the delivery of strategic priorities and outcomes. The diagram above in figure 25 demonstrates the need to work together in this way to drive further sharing and reform.

For local Councils this may mean recognising that:

- Local government, as democratically elected bodies should lead the discussion around which services should continue to be provided and if so, to what standard and in what manner.

- Excellence costs, and perhaps can only be pursued for agreed key strategic services and priorities
- The public sector needs to continue to drive value and reduce costs in services which are not priorities.
- Continuous quality and performance improvement in all areas is a statutory expectation; however in the current environment this might prove unsustainable across the board.
- The public sector should be open with customers and partners about outcome priorities and the way in which services are managed.
- The public sector should work with customers to develop appropriately tailored services and to invest in and create reduced cost solutions where appropriate.



18.2 The predominant public sector management approach has largely been about the promotion of continuous improvement with the aim of securing high quality services across the board. Given the current financial position, a more pragmatic approach might be to consider targeted approaches tailored to specific groups of services. These management approaches could focus around three themes:

- **Drive Customer Choice** – by improving communication with customers, empowering them to access directly the services they need. Services that will be appropriate will be those where self assessment is possible and where the cost of facilitating direct access is less resource intensive or where the cost of acting as a gatekeeper is uneconomic.

- **Drive Excellence** – this approach accepts that there will be some key areas where the public sector must retain control and drive excellence. These might be areas where they need to protect vulnerable people, manage risk effectively, or because these service outcomes are critical to a Council’s reputation. Councils will need to continue to invest to deliver ongoing customer service and other quality led performance improvements.

- **Drive value** – focussing on driving best value and reducing unit costs and improving productivity. The only basis on which investment would be made is to release a step change improvement in productivity immediately. These services may be essential; however they are provided to a reasonable standard and are not an area where significant quality or service improvements would deliver reduced risk or significant customer service benefits.

Part 4

Appendices

Appendix A

Review Membership & Management

The overall structure of the review team and management consisted of the following:

- Clyde Valley Local Authority Leaders
- Clyde Valley Chief Executive's Forum
- Head of Review
- Review Management Group
- Core Review Team

The Head of the Review is **Professor Sir John Arbuthnott**, previously Principal and Vice-Chancellor of the University of Strathclyde and then previously chairman of Greater Glasgow NHS Board.

The lead adviser to the Head of the Review is **Anne Connolly**, Corporate Service Reform Manager, Glasgow City Council and the project manager is **John McBride**, Business Change Project Manager, North Lanarkshire Council

The communications and public relations manager is **Stephen Penman**, Head of Corporate Communications & Marketing, North Lanarkshire Council and secretary to Sir John Arbuthnott is **Karen Donnelly**, Secretary to Head of Policy, Renfrewshire Council.

The review team consisted of a core group of officers from each of the eight Councils comprising the Clyde Valley Community Planning Partnership as follows:

Gerard McCormack	Community Planning Co-ordinator	East Dunbartonshire Council
Jamie Reid	Community Resources Manager	East Renfrewshire Council
Gordon Laird	Business Intelligence & Performance Manager	Glasgow City Council
Miriam McKenna	Strategic Partnership Manager	Inverclyde Council
Stephen Fraser	Senior Research and Information Officer	North Lanarkshire Council
Oliver Reid	Principal Officer	Renfrewshire Council
Helen Black	Improvement Manager	South Lanarkshire Council
Andrea Sinclair	Research Adviser	South Lanarkshire Council
Colin McDougall	Section Head - Internal Audit	West Dunbartonshire Council

In addition a review management group consisted of the following senior representatives from each of the eight councils:

Diane Campbell	Director of Corporate & Customer Services	East Dunbartonshire Council
Anne Davie	Head of Customer Relations & Organisational Development	East Dunbartonshire
Caroline Innes	Deputy Chief Executive	East Renfrewshire Council
Paul Wallace	Corporate Director - Improvement and Performance	Inverclyde Council
Irene McKelvey	Head of E-Government and Service Development	North Lanarkshire Council
Ron Morrison	Head of Policy	Renfrewshire Council
Heather McNeil	Head of Improvement	South Lanarkshire Council
Liz Cochrane	Head of Service - Policy & Performance	West Dunbartonshire Council

Appendix B

Remit

The review remit is to review and identify strategic options for the development of successful joint working initiatives and shared service models that will deliver efficiency savings whilst maintaining service quality and performance.

The review is to be sufficiently wide ranging and cover, not only the narrower definition of shared services, which traditionally focus on support type activities, but also encompass potential for joint working across the more visible citizen facing services.

The overall aims of the review are to:

- review existing shared service initiatives and joint working currently underway;
- identify opportunities for further development of shared/joint working;
- prioritise areas most likely to yield early deliverable business models;
- focus on improved service delivery and delivering efficiencies; and
- propose practical options on improved effectiveness and efficiency of service delivery.

The review outcomes will consist of a report on potential joint working and shared service opportunities encompassing the following:

- Proposed areas for joint working and shared services that can deliver cash savings with candidates for possible cross authority sharing identified;
- A framework for joint working that can deliver more with partners and make efficiencies;
- Criteria for assessment and expected cost/benefits; and
- A plan of how to achieve these improvements (including implementation proposals, transition management, funding and governance options).

Appendix C

Ways of Working

- 1** At the outset of the review, each Council submitted a short synopsis of current progress and future opportunities on joint working and shared services. This was assessed by the Head of Review and provided initial themes for the review which were then tested with key stakeholders, local and national.
- 2** The scope of the review was further established through a series of consultations and discussions amongst stakeholders including Clyde Valley Councils (Leaders, Chief Executives, Lead Officers, Review Team), the Scottish Government (Finance Secretary), the Improvement Service, and other relevant bodies.
- 3** A series of data gathering exercises then took place to consider the wide and varied nature of the areas for focus and this included:
 - The initial submission outlining individual Council priorities and suggestions for shared services and joint working;
 - A scoping event held with lead officers from the eight Councils;
 - A set of pro-formas completed by each Council including information on key priorities, performance data, customer feedback, organisational structure and budget;
 - Analysis of Single Outcome Agreements;
 - Baseline Information gathering and Horizon Scanning of some key themes; and
 - Reports on diagnostic business cases and progress to date on these initiatives.
- 4** As a result of this initial scoping phase, and based on discussions and analysis of common objectives and priorities of the Clyde Valley Councils, key areas for focus then emerged for further more detailed consideration.

Consultation & Meetings

- 5** Throughout the review timetable, an extensive series of meetings and consultations from a wide range of stakeholders took place. This included representatives from all eight Councils and their partners, the Scottish Government, and leading practitioners from various public bodies and consultancy firms. A full list of these meetings is included in Appendix D.
- 6** Due to the time limitations of the review, it has not been possible to consult with citizens, although evidence from individual local authority citizen's surveys have been considered in the review findings.
- 7** Weekly meetings of the core review team were held to establish and manage the work of the review team and to provide updates from the Head of Review's extensive consultation meetings.
- 8** Meetings of the review management group were scheduled at key points within the review timeframe to seek guidance on emerging themes and areas where it was agreed further work would be beneficial.
- 9** Meetings with the Local Authority Leaders and Chief Executives Forum were arranged to report on the review progress and for discussion on the areas for review focus.
- 10** A summit meeting of the Local Authority Leaders and Public Sector Partners and Chief Executives was convened to establish initial thoughts on the review focus and options for moving forward within the Partnership.

Research & Analysis

- 11** During the course of the initial review scoping period, research and horizon scanning was undertaken in relevant areas to establish current thinking and potential opportunities for further exploration.
- 12** Further more detailed strategic assessments and supporting evidence gathering was then carried out by the review group and consultation was sought with appropriate senior officers from relevant service areas in each of the Clyde Valley Councils.
- 13** Baseline financial information was co-ordinated by one of the core review team members through close liaison with financial officers within each Council and further submissions were received from service experts based on discussions at the service specific consultation meetings.
- 14** Similarly, a range of demographic and statistical data gathering and subsequent analysis was undertaken by members of the core review team.

Appendix D**Meetings and Evidence****Core Review Team Meetings**

21 April 2009
 28 April 2009
 5 May 2009
 12 May 2009
 19 May 2009
 26 May 2009
 2 June 2009
 9 June 2009
 16 June 2009
 23 June 2009
 14 July 2009
 28 July 2009
 4 August 2009
 11 August 2009
 18 August 2009
 25 August 2009
 1 September 2009
 8 September 2009
 15 September 2009
 29 September 2009

Review Management Group Meetings

21 April 2009
 5 May 2009
 27 May 2009
 25 August 2009

Local Authority Leaders & Chief Executives Forum Meetings

1 June 2009
 18 June 2009
 31 August 2009
 18 November 2009

Consultation Meetings

April 2009 - COSLA
 - Improvement Service
 - Clyde Valley Chair
 - Renfrewshire Council Leader
 - Director of Finance, Glasgow City Council

May 2009 - John Swinney MSP, Cabinet Secretary for Finance & Sustainable Growth, Scottish Government
 - KPMG
 - Inverclyde Council Leader
 - Better Regulation Board

June 2009 - PriceWaterhouseCoopers
 - Unison
 - Audit Scotland
 - NHS Glasgow & Clyde
 - Glasgow Centre for Population & Health
 - East Dunbartonshire Council Leader

July 2009 - Accenture
 - John Swinney MSP, Cabinet Secretary for Finance & Sustainable Growth, Scottish Government

August 2009 - Executive Director of Corporate Services, Glasgow City Council
 - Chief Executive, Glasgow City Council
 - Chief Constable Strathclyde Police
 - Chief Executive, North Ayrshire Council
 - CBI Scotland's Public Services Group
 - North Lanarkshire Council Leader
 - Strathclyde Partnership for Transport
 - West Dunbartonshire Council Leader
 - Improvement Service

Consultation Meetings cont'd...

- August 2009
- East Renfrewshire Council Leader
 - Glasgow and Clyde Valley Strategic Development Plan Authority
 - Scottish Futures Trust
 - North Lanarkshire Council Leader
- September 2009
- Job Centre Plus
 - COSLA
 - South Lanarkshire Council Leaders
 - Clyde Valley Councils & Health Boards Chief Executives
 - Deloitte
 - Directors of Social Work
 - Directors of Education and Leisure
 - Strathclyde Fire and Rescue
 - Fraser of Allander Institute
 - Audit Scotland
 - Scottish Enterprise
- October 2009
- John Swinney MSP, Cabinet Secretary for Finance & Sustainable Growth, Scottish Government
 - Nicola Sturgeon MSP, Cabinet Secretary for Health & Wellbeing, Scottish Government
 - NHS Glasgow City CHCPs
 - Scottish Public Policy
 - Directors and Heads of Regeneration
 - Directors and Heads of Civic Infrastructure
 - Regulatory Review Board
- November 2009
- Clyde Valley Community Planning Partnership Chair
 - Scotland Excel

Further copies of this report are available from
Karen Donnelly, Secretary to the Clyde Valley Review.

karen.donnelly@renfrewshire.gov.uk
0141 840 3286

