
Report To:	Inverclyde Council	Date:	30 June 2016
Report By:	Chief Executive	Report No:	CE004/JWM
Contact Officer:	Chief Executive	Contact No:	2701
Subject:	Shared Services Review		

1.0 Purpose

- 1.1 The purpose of this report is to seek formal approval from Council to establish a Shared Services Joint Committee that will oversee the operation of, and provide democratic accountability for, shared local authority services on an equitable basis for East Dunbartonshire, Inverclyde and West Dunbartonshire Councils.

2.0 Summary

- 2.1 Discussions took place during summer 2015 between the Chief Executives of Inverclyde, West Dunbartonshire, East Dunbartonshire Councils and separately with Argyll and Bute Council on the viability of shared service options. Further dialogue took place in late Autumn 2015 involving the Council leaders of Inverclyde, West Dunbartonshire, East Dunbartonshire Councils and again separately with Argyll and Bute Council's Chief Executive and Leader and it was agreed to collate the Councils' data and prepare a report on the possibility of the participating Councils developing shared services. Argyll and Bute Council are currently keeping their options open and they are not considered further in this proposal at this time.
- 2.2 Because of the effects on Scottish local authorities' revenue budgets and the obvious protection of services involving health, education and social care, there is a critical need to explore and deliver greater efficiencies and develop more effective service delivery models. The opportunity to deliver efficiencies through active consideration of greater collaboration and shared service delivery options and models needs to be exploited by the three Councils to support economies of scale and enhance efficiencies and deliver increased capacity and resilience.
- 2.3 Despite their respective locations and geographical differences of the three Councils, this report proposes consideration of transformative step-change in the delivery of frontline services. This report is based on a process of functional service reviews and is underpinned by specified key principles. The data has been analysed along with available and forecast budgets, staff structures, existing staffing resources, current specialist roles and gaps, programmes for future investment and staffing impacts, existing external contacts and planned external contractual arrangements.
- 2.4 Currently, inevitable duplication occurs within resources deployed across the three Councils, particularly with regard to management systems, property, vehicles, plant and technical staff and as a result of the separate operations. However, gaps also exist in specialist functions and resources in these services across the three Councils. Crucially, there are also specialist services and assets provided by one authority that could be utilised effectively by other authorities to the service advantage of the partner Councils, staff and public. The opportunities that exist for developing and pooling these resources, staff, plant and equipment and for a full range of specialist services are very significant. There is potential to not only increase service resilience and deliver a more effective investment and use of resources, but also to enhance staff opportunities through a larger organisation.

2.5 The functional service reviews ensured full consideration of:

- The opportunity to eliminate duplication of effort, deliver efficiencies and savings through more effective resource management and prospects of better access to joint resources;
- Improvement of the services with continued and enhanced quality standards of delivery and local response;
- More effective procurement and better value for money;
- The effectiveness of sharing expertise and business information across the three authorities to deliver more effective outputs and successful outcomes, optimising the resource available; and,
- The scope to offer increased training and development opportunities for existing staff with greater job security in much more sustainable and resilient services.

2.6 The conclusions demonstrate that there is a clear opportunity to develop a fully integrated shared service among the three participating local authorities, with clear benefits for authorities, employees and communities. The report seeks the support from the three local authorities to endorse the recommendation to progress with consideration of developing a draft Memorandum of Understanding for the establishment of a Joint Committee with representation from their Elected Members that will see the creation of shared services.

2.7 To achieve a shared service implementation date of April 2017, it is now critical that policy commitment to the recommendations in the report is obtained with full support from each of the Councils by no later than June 2016. Thereafter, an implementation team will be established and an action plan finalised to meet the timescale.

2.8 Details on the potential financial savings relating to staff, plant and/or materials can be assessed only in the medium term. This report does not give guarantees on savings targets: the report is focused on cost-effective services and service benefits. It is sufficient to progress on this basis as the underlying issue is that the shared services need to be resourced to meet current challenges and it will be possible to achieve more for the same input. If savings targets were the only objective then it is difficult to see how the prevailing status quo or an informal mid-range option on collaboration will provide any benefits whatsoever in the long term.

2.9 It is firmly recognised in this report that the issue of savings is only an estimation at this stage: officers from within the services will be able to deliver on efficiencies through effective joint planning and resourcing of a common service. However, it is also clearly provided within the terms of this report that (1) the investment made by each Council in the services under consideration is to be spent within its relevant Council boundary and (2) local responsiveness will not be reduced in any way in relation to the status quo. To the contrary, responsiveness, improved levels of service and accountability will be maintained and strengthened.

3.0 Recommendations

3.1 It is recommended that Council:

- i) approves the establishment of a Shares Services Joint Committee with partner Councils;
- ii) requests the Chief Executive, in conjunction with colleagues in East Dunbartonshire and West Dunbartonshire Councils to finalise the detailed Minute of Agreement for the establishment of the Joint Committee for consideration and approval at a future meeting of the Council; and
- iii) supports the outline timetable in section 9.0 of this report.

John W Mundell OBE
Chief Executive

4.0 Background

4.1 Discussions took place during summer 2015 between the Chief Executives of Inverclyde, West Dunbartonshire and East Dunbartonshire Councils and separately with Argyll and Bute Council on the possibility of establishing shared services for the mutual benefit of participating Councils. Further dialogue took place in late Autumn 2015 involving the Council leaders of Inverclyde, West Dunbartonshire and East Dunbartonshire Councils and agreement on potential participation was obtained separately with Argyll and Bute Council's Leader by their Chief Executive. It was then agreed to collate the Councils' relevant service data and prepare a report on the possibility of the participating Councils developing shared services for the following functions:

- Roads and Transportation;
- Fleet Management and Maintenance;
- Grounds Maintenance, Parks, Open Spaces, Cemeteries and Crematoriums (and Street Cleansing and Litter); and,
- Environmental Services - Refuse Collection, Recycling and Waste Collection.

4.2 A shared services report was then prepared following a 'desk top' study by me and it was issued to the Leaders and Chief Executives in March of this year and a presentation was given on the study report findings at the beginning of April. Argyll and Bute Council continue to consider this and other options available to them and they are not considered further in this proposal at this time and hereinafter this report only refers to East Dunbartonshire, Inverclyde and West Dunbartonshire Councils.

4.3 Whilst this desktop study has been carried out there has been ongoing discussion at national and regional level on a shared service proposal for Roads and Transportation. The opportunity to progress joint working across the three Councils may allow this shared service to be delivered more timeously than either of the other approaches.

5.0 Main Issues

5.1 Councils across Scotland and the UK are operating within a context of momentous change as a result of a number of issues including changing demographics and significant rises in associated demand, the challenging economic climate, the expectations for public sector reform, workforce pay increase demands, the increasing importance of partnerships and the extremely challenging and increasing reductions in Scottish Government funding.

5.2 It is also evident that revenue budgets will reduce sharply across the next 3 financial years with some experienced commentators now indicating reductions of 11-12% in cash terms by 2020 and the real terms reduction could possibly be as much as 17-20%. Inevitably, education, social care and health will continue to be protected through conditions on grant allocations and expenditure in some service areas will need to grow to meet known and anticipated demographic challenges. This means that the remaining services will need to absorb a significantly higher and disproportionate share of cuts with some estimates indicating further savings requirements of over 35% by 2020.

5.3 As a result of the gearing effect it is already evident that other services, corporate, regulatory, roads and infrastructure, environmental etc. have been taking a disproportionate share of budget reductions due to the protection of education and social care. Many of these services are already under pressure and have workforce demographics that imply a significant outflow through retiral, particularly if voluntary severance/early retiral mechanisms are used to achieve budget reductions. Capacity and resilience issues already exist for these services and it will only get worse as further savings or cuts in technical staffing levels are introduced. Improving productivity in the use of staff, technical expertise, assets and procurement will be essential if the effect of these changes on the quality of service is to be mitigated as far as practicable.

5.4 Therefore, the underlying need to explore and deliver greater efficiencies and develop more

effective service delivery models whilst retaining services or protecting front line services as far as possible is therefore obvious. However, the opportunities to identify further efficiencies have reduced dramatically as Councils have responded to successive budget pressures over a prolonged period throughout the last few years. More radical solutions than would have been imagined previously by Councils are undoubtedly required now including greater collaboration and focus on the opportunities that can be realised through active consideration of shared service options and models to enhance economies of scale, shared capacity and resilience.

- 5.5 Each of the Councils has already been delivering efficiencies and savings from these services. The existing management structures in the three Councils have been modified over the last few years to varying degrees to reduce management overheads and deliver efficiencies. Critically for the analysis within the Shared Services report, further change on an individual basis is limited within each of the Councils and capacity is already severely stretched.
- 5.6 The evidence considered in the shared services report shows there is a clear opportunity to develop shared services for the benefit of the participating Councils and their communities and stakeholders. The conclusions reinforce these key benefits:
- Greater value for money;
 - More consistent customer-facing services;
 - More sustainable and resilient service delivery;
 - Improved staff development and sustainability for staff; and,
 - Improvements in planning, resourcing and performance.
- 5.7 Currently, inevitable duplication occurs within resources deployed across the three Councils, particularly with regard to management systems, property, vehicles, plant and technical staff and as a result of the separate operations. However, gaps also exist in specialist functions and resources across the three Councils.
- 5.8 Crucially, there are also specialist services and assets provided by one authority that could be utilised effectively by other authorities to the service advantage of the partner Councils, staff and public. The opportunities that exist for developing and pooling these resources, staff, plant and equipment and for a full range of specialist services are very significant. There is potential to not only increase service resilience and deliver a more effective investment and use of resources, but also to enhance staff opportunities through a larger organisation.
- 5.9 The combined 2015/16 gross revenue budgets for the three Councils' service functions under consideration were £67.29million for 2015/16 and it should be noted that some savings were programmed to be taken across the services under consideration prior to the end of April 2016. The corresponding capital budget for the three Councils was £34.57million resulting in a total combined capital and revenue budget for 2015/16 of £101.87million as illustrated in Table 1.

Table 1 – Total Gross Revenue & Capital Expenditure

Total Gross Revenue & Capital Budgets	<u>2014/15</u>	<u>2015/16</u>	<u>Total</u>
	<u>Actual</u>	<u>Projection</u>	<u>2015/16</u>
	<u>£m</u>	<u>£m</u>	<u>Budget</u>
Council:			
East Dunbartonshire	35.733	37.709	38.155
Inverclyde	24.332	27.037	26.032
West Dunbartonshire	37.486	37.404	37.679
Total Gross Council Exp.	97.551	102.150	101.866

- 5.10 Further revenue savings have now been approved as part of the Councils 2016/17 budgets and early preparation work is essential to mitigate against the need for draconian service reductions and withdrawals for 2017/18 and beyond in anticipation of the even more challenging Scottish Government budget settlements for Local Government.

6.0 Review of Services

- 6.1 It was considered appropriate to prove the case for collaboration by focussing on one of the functions, namely roads and transportation, in detail and for the remaining services, assessing these in outline only at this stage. Only outline assessments were provided for the following services at this stage namely: Fleet Management and Maintenance; Grounds Maintenance; Parks, Open Spaces; Cemeteries and Crematoriums; Refuse Collection, Recycling and Waste Collection; and, Street Cleaning and Litter.

Roads and Transportation

- 6.2 Roads and Transportation is an essential service that facilitates the movement of people to jobs, shops, leisure, health and education. It enables the movement of goods and materials and underpins all economic activity. The performance of the road network directly influences every aspect of life, from the quality and safety of walking surfaces for the elderly to travel times for commerce. Effective roads and transportation systems need to be efficient and fit for purpose over twenty four hours a day every day of the year for Community Planning Partnerships to deliver on economic regeneration, employment, health, social inclusion and education.
- 6.3 The review gave active consideration of the efficient delivery of roads services for the three Councils and the report was set within the wider context of the national roads review set out in the Option 30 report, published in July 2012, which recommended the adoption of regional shared services. The national report also recommended that if this approach did not realise the anticipated benefits then structural change would be considered by the Scottish Government. A follow up Audit Scotland report is expected by no later than July 2016.
- 6.4 There are currently a number of Local Authorities across Scotland exploring the development of shared roads and transportation services. For example, East and South Ayrshire have successfully introduced a shared service and this Ayrshire Alliance experience of two Councils has confirmed that a combined service creates a critical mass that offers the opportunity for greater efficiencies and which has already achieved significant benefits and savings.
- 6.5 A critical factor in determining the minimum staffing levels for roads operational staffing is the resourcing of winter maintenance services to ensure appropriate levels of service are provided on a sustainable basis throughout winter months. Frontline operational staffing is already at a low level which can place the delivery of the service for Councils at risk especially during prolonged periods of severe winter weather and at the same time can make it difficult to comply with relevant legislation e.g. drivers' hours and working time directive.
- 6.6 Duplication occurs within the roads and transportation resources deployed across the three Councils, particularly with regard to management systems, property and technical staff and as a result of the separate operations. However, gaps also exist in specialist functions and resources across the three Councils. Crucially, there are also specialist roads services and assets provided by one authority that could be utilised by other authorities to the service advantage of the partner Councils, staff and public. The opportunities that exist for developing and pooling these resources, staff, plant and equipment, for a full range of specialist services are very significant. There is potential to not only increase service resilience and deliver a more effective investment and use of resources, but also to enhance staff opportunities through a larger organisation.
- 6.7 As the increasing impact of successive cuts in Councils' budgets has taken grip, it is clear that the relative reduction in investment for roads and transportation services since local government reorganisation in 1996 has resulted in a significant dilution of expertise through repeated

downsizing and the non-replacement of experienced staff especially in smaller Councils. There is, in effect, a lost generation of technical and professional staff which has adversely impacted the skills base within Councils and training and development opportunities have been eroded. Also, the corporate stretch of senior officers with relevant knowledge has been greatly increased where they are now managing a much wider range of services and have necessarily become generalists. In addition, since the cessation of the Compulsory Competitive Tendering (CCT) era, aspects of both commercial and operational expertise have been dramatically reduced.

- 6.8 In addition, there is a serious national shortage of appropriately qualified and experienced roads personnel resulting in critical skills and capacity gaps. This is now considered to be an emerging crisis with related industry sectors such as the construction industry in Scotland alone requiring 28,500 new jobs by 2019. The crisis does not just affect the technical and professional staff in the construction industry but also in related industry sectors such as transport and logistics which is currently experiencing a shortage of between 40,000 and 50,000 heavy goods vehicle drivers nationally. The situation will be exacerbated as the economy continues to pick up and it is anticipated that there will be a need to review remuneration and terms and conditions of staff with the introduction of recruitment and retention incentives if Local Government is going to be able to attract the necessary people.
- 6.9 While all three Councils have developed improvement plans, approximately 34% to 55% of roads within the three Councils were classed as being in either amber or red condition in the 2015 SCOTs performance data. This compares with a Scottish figure of 29% Red/Amber. This highlights the need for increased investment in the roads, as well as identifying the need to optimise the effective use of scarce resources and to improve the capacity of staff and the skills mix needed to carry out the necessary major programmes of work that lie ahead.
- 6.10 A shared service would optimise the use of the combined skills and knowledge of co-located employees and will offer increased training and development opportunities for existing staff with greater job security in a much more sustainable and resilient roads and transportation service within local government.
- 6.11 In addition, all participating authorities would benefit from increased technical and specialist capacity, which should enable the Councils to reduce the percentage of roads and street lighting considered as being in amber or red condition. Creating a shared service provides an enhanced strategy and management capability and further benefits will be achieved through an integrated approach to management arrangements and systems, although it is acknowledged that this will require broader consideration of the existing arrangements within the three Councils.
- 6.12 The objective of the shared service is to improve the performance and condition of the roads and transportation network for our customers by increasing capacity, resilience, efficiency and effectiveness through a shared service. Although a shared service will lead to direct financial savings through reduced overhead costs and greater buying power, the primary identified benefits are associated with greater efficiency, effectiveness and sustainability, which include:
- Sharing of expertise and staff pools across the three authorities to achieve greater output with the same resource.
 - Standardisation of operational processes & specifications, which in turn will lead to a consistent standard and quality of service.
 - Increased capacity through the elimination of duplication and access to joint resources.
 - Improved business intelligence through shared best practice and management information and expertise.
 - More opportunity to develop future workforce planning strategies.
 - More effective use of specialist assets together with the benefits of improved joint investment planning for staff, plant and equipment.
 - More effective procurement, and,
 - Better value for money.

6.13 The roads and transportation service functions reviewed in greater detail with consideration of existing key facts and the key benefits relative to each of these functions from the establishment of a shared service was as follows:

- Roads Design
- Structures, Bridges etc.
- Integration of Flood Risk Management
- Street Lighting
- Roads Development Control
- Roads Gully Maintenance
- Procurement
- Service Quality Inspection and Testing
- Specialist Operational Services

In each of these cases, the study report identified important benefits as a result of introducing a shared service.

Roads and Transportation – Shared Service Conclusions

- 6.14 In conclusion, there is a clear opportunity to develop roads and transportation shared services proposals for the benefit of the participating Councils and their communities and stakeholders. It has enabled the identification of possible options for shared service delivery and it is not necessary, in exploring these options, to divert scarce resources to the preparation of detailed business cases. The models described in the report can be implemented, with proper scrutiny and clear attention to necessary detail, through the ongoing commitment of the participating partners.
- 6.15 It is impossible, without diverting into lengthy and unnecessary business cases, to detail the levels of potential savings that are available and, in any case, if so, these would be treated with extreme caution. Risks have also been considered and of course officers need to be realistic about the impact and organisational pressures in any transitional period to a new model of service delivery.
- 6.16 Therefore, with the prospect of 11-12% cash terms cuts and associated gearing affect as referred to in paragraph 5.2 of this report, the expectation of an estimated recurring saving of 15% by 2020 would not unreasonable from a combined roads and transportation service. In the case of Inverclyde Council, the indicative 15% revenue budget savings from an integrated roads and transportation shared service is shown in Table 2. The indicative saving is based on incremental increases annually from 2017/18 onwards (3% of the total target, plus 4.5% and thereafter a further 7.5% resulting in a cumulative total of 15%) and offers an indicative recurring saving of just over £535k by 2019/20.

Table 2: Roads and Transportation – Indicative Savings Target (15%)

Financial Year	2016/17	2017/18	2018/19	2019/20	Totals
15% Estimated Savings Target (Delivered incrementally)	0% £m	3% £m	+4.5% £m	+7.5% £m	15% Indicative Savings Target £m
Inverclyde	0	0.107	0.160	0.267	0.535

6.17 This report gives clear strategic advice that there are significant service benefits in the collaboration of roads and transportation services amongst East Dunbartonshire, Inverclyde and West Dunbartonshire Councils. There is a strong case for sharing especially in terms of improved and sustainable services. A shared service would allow the three Councils to take a clear view about the future of these vital services and to support a viable and feasible transformative step-change in quality service delivery.

7.0 Outline of Other Potential Shared Services

7.1 For the reasons agreed, each of the other services included in the study were considered in less detail at this stage. These services were:

- Fleet Management and Maintenance;
- Grounds Maintenance, Parks, Open Spaces, Cemeteries and Crematoriums (and Street Cleansing and Litter); and,
- Environmental Services - Refuse Collection, Recycling and Waste Collection.

Nevertheless, in each case, the evidence shows significant benefits from both improved efficiency and service effectiveness that would accrue for each participating Council following the introduction of shared services for these functions.

7.2 It is firmly recognised in the study report that the issue of savings is only indicative at this stage: officers from within the services will be able to deliver on efficiencies through effective joint planning and resourcing of a common service. Details on the potential financial savings relating to staff, plant and/or materials can be assessed only in the medium term. This report does not give guarantees on savings targets: the report is focused on cost-effective services and service benefits.

8.0 Governance

8.1 There are two main governance options considered for shared local authority services across East Dunbartonshire, Inverclyde, and West Dunbartonshire, The first option is to set up an arms-length external organisation (ALEO) in the form of a limited liability partnership (LLP) and the second option is to establish a Joint Committee.

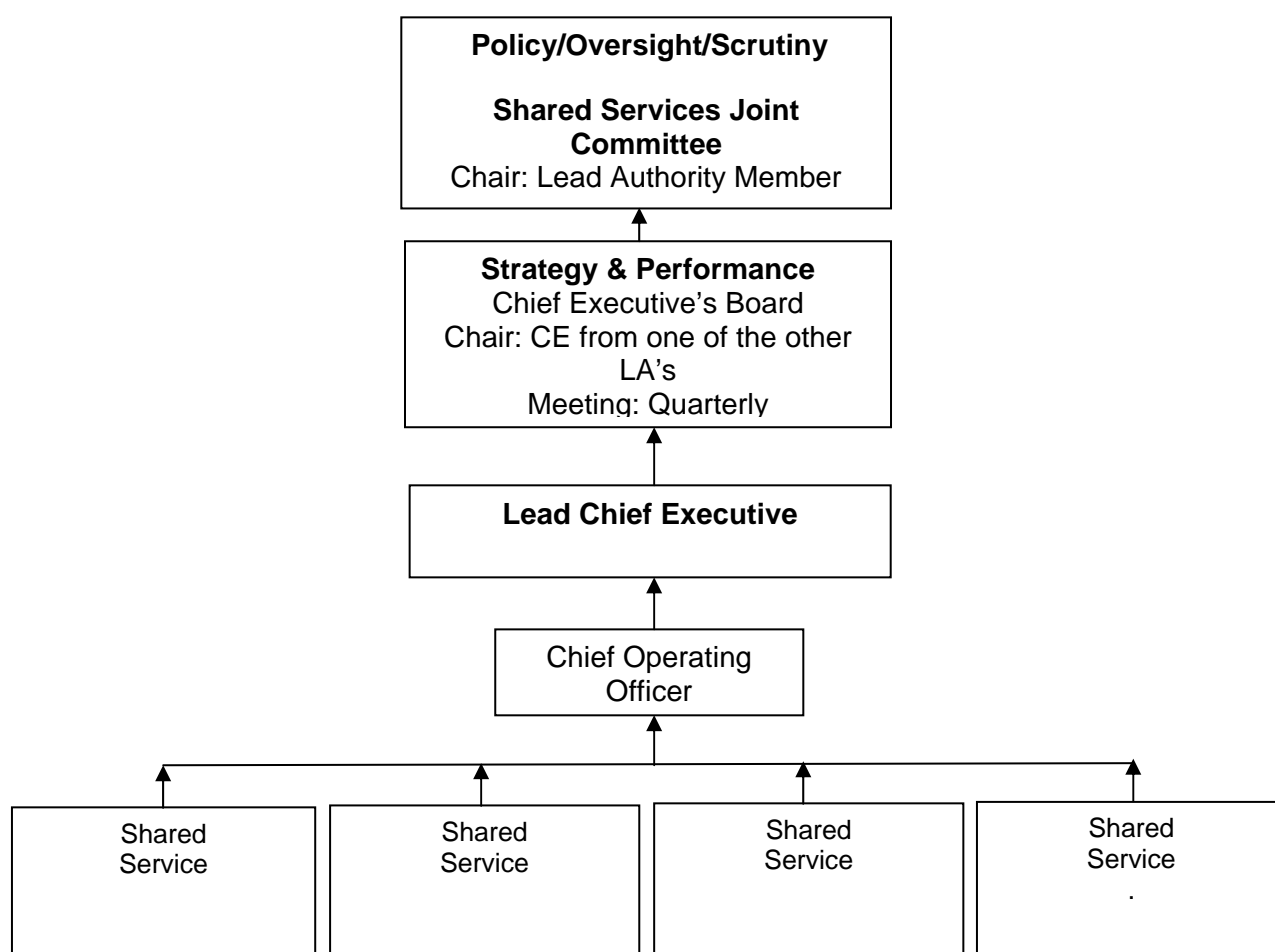
8.2 The second option is based on the creation of a single structure for all shared services across the three Councils. Governance would be undertaken through a joint committee and day-to-day operational management under the control of a lead authority.

8.3 The ALEO option carries more risk but offers the greater opportunity. However, the establishment of a Joint Committee is the most pragmatic and realistic approach at least in the first instance. The Joint Committee has all of the merits of flexibility and good practice and is the approach adopted by the successful Ayrshire Roads Alliance. The Joint Committee also creates the opportunity to develop trust and confidence between the partners and stakeholders and is likely to secure greater support from employees and the Trades Unions. If considered beneficial, a Joint Committee with the support of the partner Councils could decide to evolve into an ALEO over time.

8.4 The creation of a single structure for all the services under consideration by all three Councils combines the services into one single managed service that incorporates operational, technical & service support functions of the various services. Such a model can be established under a single structure and will include representatives of all three Councils under the remit of one management team working over multiple boundaries reporting to a formally established Joint Committee comprising equal Elected Member representation from the three partner Councils.

8.5 As stated above, a joint committee is the simplest way forward at this stage for providing an effective model of governance for the shared services proposal. An outline of the structures is provided in Table 3. It shows that governance could be effectively undertaken through a joint committee with day-to-day operational management under the control of a lead authority. This arrangement provides simplicity, robustness and transparency all of which are needed for ensuring the principles are reinforced and the drivers attained. For the Joint Committee, the overarching mechanism for agreeing the terms and conditions of the partnership and for providing a framework for the managing of relationships within the project is the Minute of Agreement and an example draft, for subsequent detailed discussion forms **Appendix 1**.

Table 3: Indicative Governance Structure



8.6 The proposed model and governance systems are not complex and require a lead authority for the integrated service. In effect, this should be governed by a Joint Committee with equity in Elected Members representation from the three Councils for oversight, policy direction and scrutiny. The service would be led at a strategic level through a Chief Executives' Board meeting e.g. quarterly. A chief operating officer from the lead authority would report from an operational and performance perspective to this proposed Chief Executive group via the lead Chief Executive.

8.7 This model does not require a separate independent organisation to be established. Therefore, employees do not necessarily need to transfer to a lead authority and as a result, TUPE should not be an issue or a barrier to implementing a shared service. In addition there is no barrier relative to employee terms and conditions as these could operate on the same principles that applied within the shared service arrangements for the Health and Social Care Partnerships (HSCPs). In essence, no changes to staff terms and conditions are necessary to implement this proposal but they do not have to be excluded from consideration. Nevertheless, there will be a requirement to populate the senior management level with normal due process.

9.0 Timetable for Progress

9.1 An operations group consisting of the three chief officers from the three participating Councils under the designated Lead Chief Executive would be established immediately to manage this transition and set out a clear programme aimed at launching a full single shared service for all three authorities. Inclusive Trades Union involvement would also be key throughout this process. The anticipated timetable – Table 4, subject to timely and concise policy decisions, is:

Table 4: Proposed Timetable:

Date	Action
June 2016	Chief Executives (CEs) to Engage with employee Trades Union representatives prior to the submission of formal report to respective Councils for approval and maintain ongoing consultation and dialogue thereafter.
June 2016	CEs to arrange for Members' briefings in advance of Council meeting
June 2016	Formal report to respective Councils to secure decision to fully commit to implement a shared service including governance and operational structures etc.
July 2016	Establish 'Shadow' CE Programme Board.
July – August 2016	CEs to finalise Minute of Agreement for Councils' approval.
August - September	Formal report to respective Councils to secure approval of Minute of Agreement.
September - November 2016	Formally establish Shared Services Joint Committee and governance structure.
December 2017	Development of Strategic implementation plan and report to three Councils approving lead authority.
February 2017	Joint appointment of Chief Operations Officer to lead the Shared Service.
January – March 2017	Prepare detailed business plan and secure formal approval.
1 April 2017	Establish shared service

9.2 Concurrent Phases to Prepare for Shared Service Launch: The above is an overview of the proposed plan and timescales. A concurrent phase is to establish a detailed legal, financial and HR framework to enable the transition to a single service. This will include:

1. A detailed structure, in consultation with Human Resources;
2. Identification of and solutions to potential barriers such as terms and condition and legal requirements of new services;
3. Assessment of back office implications particularly with regards to ICT, Financial Models, Human Resources, Property and procurement; and,
4. The development of a single business intelligence unit to compare performance and share best practice.

9.3 It is anticipated that there will be short term transactional cost for managing the change process post September 2016 and necessary subsequent reports from the CE Programme Board will address the necessary issues of detail.

9.4 It is now critical to obtain clear commitment and direction to progress the development of potential shared services by implementing the Stages outlined in this report with full support from each of the Councils.

10.0 Overall Conclusions

10.1 Currently, inevitable duplication occurs within resources deployed across the three Councils, particularly with regard to management systems, property, vehicles, plant and technical staff and as a result of the separate operations. However, gaps also exist in specialist functions and resources across the three Councils. Crucially, there are also specialist services and assets provided by one authority that could be utilised effectively by other authorities to the service advantage of the partner Councils, staff and public.

10.2 There is a strong case for sharing especially in terms of improved and sustainable services which is reinforced by the findings of this report. A shared service would allow the three Councils to take

a clear view about the future of these vital services and to support a viable and feasible transformative step-change in quality service delivery especially in the context of anticipated significantly reduced future budget settlements. This report seeks a clear commitment to move forward and to implement the timetable and plan for sharing that is described, above, in sections 8 and 9.

11.0 IMPLICATIONS

11.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
		2016/17	Up to £20	revenue contingency	Advertising Consultant Costs

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

Legal

11.2 The Head of Legal and Property Services has been consulted on this report.

Human Resources

11.3 The Trade Unions have been advised of this report as part of ongoing discussions. This process will continue in greater detail through the development of the next stages of this process.

Equalities

11.4 Has an Equality Impact Assessment been carried out?

YES (see attached appendix)

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

11.5 Not applicable

12.0 LIST OF BACKGROUND PAPERS

12.1 Shared Services Report 1 (Desk Top Study) February 2016

APPENDIX 1
GOVERNANCE

APPENDIX 1: NOTES ON GOVERNANCE ARRANGEMENTS

The report seeks approval from the Councils to establish an East Dunbartonshire, Inverclyde, and West Dunbartonshire wide joint committee that will oversee the operation of and provide democratic accountability for shared local authority services across the three Councils' areas for the following functions:

- Roads and Transportation;
- Fleet Management and Maintenance;
- Grounds Maintenance, Parks, Open Spaces, Cemeteries and Crematoriums (and Street Cleansing and Litter); and,
- Environmental Services - Refuse Collection, Recycling and Waste Collection.

1. Authorisation is sought for the establishing of a Joint Committee.
2. The Joint Committee is considered the simplest way for providing an effective model of governance for the Shared Services.
3. There is also a need for the establishing of a Shared Services executive to oversee the implementing of operational decisions.
4. Governance can be undertaken through a Joint Committee with day-to-day operational management under the control of the lead authority. It is considered that such arrangements would provide simplicity, robustness and transparency that are needed for the establishing of a comprehensive framework.
5. For a Joint Committee, the over-arching mechanism for agreeing the terms and conditions of the partnership and for providing a framework for the managing of relationships within the agreement is the Minute of Agreement. A draft Minute of Agreement for subsequent, detailed discussion is provided and individual service specific "service agreements" could be put into place for the Shared Services.
6. For the Joint Committee Minute of Agreement, there would be terms as follows:

a) Commencement and Duration

The Agreement will commence when all three Councils have approved the document and will continue until signatories have given notice of their wish to withdraw.

b) Constitution and Remit

- managing and monitoring budget spend;
- developing and implementing a strategic policy framework;
- coordinating, monitoring and reviewing service performance;
- making decisions within the confines of the service budget; and,
- Considering and approving an annual Service Plan.

c) Membership

Each Council will appoint three elected Members who will continue as members of the Committee until he or she ceases to be a Member of the Council or until the Council replaces that member. There will be no substitutes allowed.

d) Quorum

The Joint Committee will have a quorum of five, with at least one member from each Council.

e) Standing Orders

The Joint Committee will adopt its own Standing Orders.

f) Meetings

Meetings will take place at least twice per year, but as often as required to conduct business.

g) Chair

The position of Chair of the Committee will be rotated on an annual basis.

h) Administration

Administrative support will be provided by the Council from which the Chair of the Committee is drawn in any particular year.

i) Finance

- Resources to be allocated by each Council will be defined in the relevant Service Agreement, and will be previously agreed by each Council.
- The annual Service Plan will be prepared by the Lead Authority and will include the budgets required to deliver the Plan.
- The Service Plan will be submitted to the Joint Committee not later the first of November each year.
- The proportion of the cost of service delivery will be set out in the schedule to the relevant Service Agreement.
- Each Council will approve the level of funding for the following financial year by the end of February each year.
- Annual accounts will be prepared for the shared service by the Lead Authority, will be audited as part of that Council's external audit process, and will be submitted to each Council at their first meeting following 30 June each year.
- The Joint Committee will be subject to an annual audit, the terms of which will be agreed with Audit Scotland.

j) Scrutiny

Scrutiny in respect of the Joint Committee will be undertaken by each of the parties in accordance with their own scrutiny processes, as set out within their respective Corporate Governance arrangements. A review to assess the suitability of arrangements will be undertaken at the conclusion of the first year of the Roads shared service.

k) Variation of Agreement

An additional Minute of Agreement will be prepared and agreed to accommodate alterations to this Agreements.

l) Withdrawal from Agreement/ Disaggregation

Eighteen months' notice will be required for any party to withdraw from the Agreement, subject to the provisions of the relevant Service Agreement.

7. The Joint Committee will be the vehicle through which all local authority roads projects are managed.
8. Legal and Financial implications – all of the legal and financial implications associated with the setting up of a Joint Committee will be contained in the future report (see Section 9 of the report, above).

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MINUTE OF AGREEMENT

Between

(One) EAST DUNBARTONSHIRE COUNCIL constituted in terms of the Local Government etc. (Scotland) Act and having its principal office at Southbank Marina, 12 Strathkelvin Place, Kirkintilloch, Glasgow G66 1TJ;

(Two) INVERCLYDE COUNCIL constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its principal office at Municipal Buildings, Clyde Square, Greenock, PA15 1LY; and,

(Three) WEST DUNBARTONSHIRE COUNCIL, constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its principal office at Garshake Road, Dumbarton, G82 3PU.

(Hereinafter referred to as “the parties”)

WHEREAS the purpose of this Agreement is to make arrangements for the joint discharge of statutory functions in terms of the Local Government (Scotland) Act 1973 (“the 1973 Act”) and of the Local Government in Scotland Act 2003 and the establishing of a Joint Committee to oversee the delivery of Local Authority Services to the communities of East Dunbartonshire, Inverclyde and West Dunbartonshire Councils, AND WHEREAS the parties hereto have agreed to delegate the discharge of various functions jointly, in terms of section 57 (1) (b) of the Local Government (Scotland) Act 1973 NOW THEREFORE the parties agree as follows:

1. Commencement and Duration

This Agreement shall commence with effect from 1st November 2016 and shall thereafter subsist for such period as the parties (or at least two of them) shall continue to participate in the Shared Service (as after defined), subject to the provisions of Clause 12 (Withdrawal from Agreement). The Service Agreement (as after defined) shall make provision for the disaggregation of the Shared Service to which it relates in the event of withdrawal by any of the parties from the Shared Service, including provision for liability of the withdrawing party for the costs associated with such withdrawal.

2. Constitution and Remit

There is hereby constituted a Joint Committee to be known as the East Dunbartonshire, Inverclyde and West Dunbartonshire Councils Shared Service Joint Committee, (to be hereinafter referred to as “the Joint Committee”). The functions to be delegated to the control of the Joint Committee shall be carried out by a Lead Authority, being the authority charged by the parties hereto to undertake the provision of defined services as set out in the relevant Minute of Agreement between the parties and as selected from the parties. The specific services and functions to be delegated to the Joint Committee (each hereinafter referred to as a “Shared Service”) shall be determined by the parties from time to time and set out in the Service Minute or Minute of Agreement to follow hereon (“the Service Agreements”). The Joint Committee is empowered by each of the parties hereto:

- 2.1 To manage and monitor spend within the budget approved by the parties hereto in relation to each Shared Service;
- 2.2 To develop and implement a strategic policy framework for the operation of each Shared Service to receive, scrutinise and approve service plans for implementation of the policies and priorities for service delivery relative to Shared Services including establishing appropriate service targets and performance indicators;
- 2.3 To co-ordinate, guide, monitor and review the performance and discharge of Shared Services by officers of the relevant Lead Authority;
- 2.4 To take decisions on a service by service basis, provided that any associated spend must be offset by additional income or savings from elsewhere within the budget for that service;
- 2.5 To consider and approve an annual Service Plan in respect of each Shared Service including the Budget as provided for in Clause 9.2 hereof for submission to the parties hereto.

3. Membership

- 3.1 The Joint Committee shall comprise a total of nine members, three members representing each of the parties hereto.
- 3.2 Each of the parties shall appoint three of its elected members to be members of the Joint Committee and the members so appointed shall, subject as hereinafter provided, continue in office until they are re-appointed or replaced by each of the parties, subject always to s57(5) and s59 of the 1973 Act. No substitutes shall be permitted
- 3.3 A member of the Joint Committee shall cease to be a member when he or she ceases to be a member of the Council which appointed him or her or on the appointment by that Council of another member in his or her place, whichever shall first occur.

4. Quorum

A quorum of the Joint Committee shall be five members with at least one member representing each of the parties hereto.

5. Standing Orders

The Joint Committee shall adopt its own Standing Orders. In the event of any inconsistency between the Standing Orders and this Agreement the provision of this Agreement shall prevail.

6. Meetings

- 6.1 The Joint Committee shall meet at least twice in each financial year or more often as is required to conduct its business.

7. Chair

The position of Chair shall be held for a period of one year by a member from each of the parties in turn, with each subsequent Chair taking up his or her position on the anniversary of the first meeting The appointment of the Chair of the Joint Committee shall be undertaken by the authority from whose members the Chair shall be selected. In the event of the Chair being absent from a meeting, another member from that authority shall assume the Chair for that meeting.

8. Administration

The administrative support for the Joint Committee in any year shall be undertaken by the Council, the member for which is currently Chair and which administrative support shall rotate as with the position of Chair. The cost of providing such administrative support shall be borne by the Council which is providing such administrative support in that year.

9. Finance

- 9.1 Prior to the commencement of any Service Agreement the Joint Committee shall receive from each party, confirmation of resources to be allocated by that party for the provision of the functions identified as being the Shared Service as defined in the Service Agreement relative to that function. Such allocation of resources will have previously been approved by each of the parties.
- 9.2 In each subsequent year and in respect of each Shared Service, the relevant Lead Authority shall prepare a Service Plan for the following three financial years setting out the level of service to be provided to the parties hereto, in accordance with the Service Agreement for that Shared Service, and the budget required to fulfil that plan. Such Service Plan shall be submitted for approval to the Joint Committee not later than First November in each year. The Joint Committee shall thereafter make recommendation to each of the parties hereto for formal approval of the Service Plan including the relevant budget.
- 9.3 The proportion of the cost of delivery of any Shared Service to be met by each Council in respect of the Shared Service shall be as set out in the Schedule to the Minute of Agreement relating to that Shared Service.
- 9.4 Each of the parties agrees to approve and confirm to the Joint Committee the level of funding to be allocated by that party for the following financial year for each Shared Service by no later than 28 February in each year. In the event that the parties fail to agree on the allocation of funding for a shared service for the succeeding year, the allocation for the current year shall apply.
- 9.5 Annual accounts for each of the Shared Services shall be prepared by the respective Lead Authority and submitted to the Joint Committee and thereafter submitted to each of the parties hereto at their first meeting following 30 June in each year for noting and approval. Audit Scotland will put in place appropriate arrangements for external audit.

10. Scrutiny

Scrutiny in respect of the Joint Committee will be undertaken by each of the parties hereto in accordance with their own scrutiny processes, as set out within their respective Corporate Governance arrangements.

11. Variation of Agreement

Any alteration of the terms of this Agreement shall be by way of a further Minute of Agreement signed by all the parties hereto.

12. Withdrawal from Agreement/Disaggregation

- 12.1 If any party hereto wishes to withdraw from this Agreement it may do so with effect from the end of the Joint Committee's next financial year by giving to the Clerk to the Joint Committee, not less than 18 months' notice in writing to that effect. Any party which wishes to withdraw shall be responsible for meeting any costs, including severance costs, associated with such withdrawal.
- 12.2 Any party hereto may withdraw from any Shared Service subject to the provisions in the relevant Service Agreement relating thereto and subject to meeting any costs, including severance costs, associated with such withdrawal: IN WITNESS WHEREOF

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