

# Agenda

## Meeting of Shared Services Joint Committee

**Date:** Tuesday, 18 April 2023

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**Time:** 11.00 am

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**Format:** Hybrid Meeting

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**Contact:** Carol-Ann Burns, Senior Democratic Services Officer  
Email: [carol-ann.burns@west-dunbarton.gov.uk](mailto:carol-ann.burns@west-dunbarton.gov.uk)

Dear Member

Please attend a meeting of the **Shared Services Joint Committee** as detailed above.

Members will have the option to attend the meeting remotely or in person at the Civic Space, 16 Church Street, Dumbarton, G82 1QL.

The business is shown on the attached agenda.

Yours faithfully

**PETER HESSETT**

Chief Executive

Distribution:-

<b><u>Inverclyde Council</u></b>	<b><u>West Dunbartonshire Council</u></b>
<p>Councillor Graeme Brooks Councillor Michael Cassidy Councillor Christopher Curley Councillor Michael McCormick</p> <p>Louise Long, Chief Executive Stuart Jamieson, Director of Environment and Regeneration Iain Strachan, Head of Legal, Democratic, Digital and Customer Services Steven McNab, Head of Organisational Development, Human Resources and Communications</p>	<p>Councillor David McBride Councillor Michelle McGinty Councillor Lawrence O'Neill Councillor Martin Rooney</p> <p>Peter Hessem, Chief Executive Alan Douglas, Chief Officer – Regulatory and Regeneration Gail MacFarlane, Chief Officer – Shared Service Roads and Neighbourhood Laurence Slavin, Chief Officer – Resources Victoria Rogers, Chief Officer – People and Technology Andi Priestman, Shared Service Manager – Audit and Fraud</p>

Date of issue: 6 April 2023

**SHARED SERVICES JOINT COMMITTEE**  
**Inverclyde and West Dunbartonshire Councils**

**TUESDAY, 18 APRIL 2023**

**AGENDA**

**1 APPOINTMENT OF CHAIR AND VICE CHAIR**

In terms of the Standing Orders, the Joint Committee is requested to consider the appointments of a Chair and Vice-Chair for the next two years.

**2 APOLOGIES**

**3 DECLARATIONS OF INTEREST**

Members are invited to declare if they have an interest in any of the items of business on the agenda and the reason for such declarations.

**4 RECORDING OF VOTES**

The Committee is asked to agree that all votes taken during the meeting will be done by roll call vote to ensure an accurate record.

**5 MINUTES OF PREVIOUS MEETING 5 - 6**

Submit for approval as a correct record, the Minutes of Meeting of the Shared Services Joint Committee held on 19 January 2022.

**6 SHARED SERVICES 7 - 47**

Submit report by the Chief Executive, Inverclyde Council and the Chief Executive, West Dunbartonshire Council providing the findings of the independent evaluation on the review of Shared Services and making recommendations in respect of the future activity in this area.





## SHARED SERVICES JOINT COMMITTEE – 19 JANUARY 2022

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### Shared Services Joint Committee

Wednesday 19 January 2022 at 2pm

**Present:**

**Inverclyde Council**

Councillors Jackson, Brooks, Curley and McVey.

**West Dunbartonshire Council**

Councillors McBride and McLaren.

**Chair:** Councillor Jackson presided.

**In attendance:**

**Inverclyde Council**

Louise Long, Chief Executive; Stuart Jamieson, Interim Service Director Environment & Economic Recovery; Anne Sinclair, Interim Head of Legal & Democratic Services; Andi Priestman, Shared Service Manager Audit & Fraud; Allan McDonald, ICT Services Manager; Anne-Marie Bagstad Committee Officer and Lindsay Carrick Senior Committee Officer.

**West Dunbartonshire Council**

Joyce White, Chief Executive; Gail MacFarlane, Shared Head of Service Roads & Transportation and Laurence Slavin, Chief Officer Resources.

This meeting was held via WebEx videoconferencing and streamed live on YouTube [Shared Services Joint Committee - 19 January 2022 2pm - YouTube](#).

**The following paragraphs are submitted for information only, having been dealt with under the powers delegated to the Committee.**

**1-2 Apologies, Substitutions and Declarations of Interest**

Apologies for absence were intimated on behalf of Provost William Hendrie and Councillor Lawrence O'Neill (West Dunbartonshire Council); Councillor Alan Moir Councillor Vaughan Moody, Councillor Andrew Polson, Chief Exec Gerry Cornes and Depute Chief Exec Ann Davie (East Dunbartonshire Council).

There were no substitutions or declarations of interest intimated.

**3 Minute of Previous Meeting**

The Minute of Meeting of the Shared Services Joint Committee held on 11 December 2020 was submitted and approved as a correct record by Cllr Brooks.

**4 Changes to the Procedural Standing Orders of the Shared Services Joint Committee**

## SHARED SERVICES JOINT COMMITTEE – 19 JANUARY 2022

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There was submitted a Report by the Interim Head of Legal & Democratic Services, providing an update on the Shared Service Joint Committee following the withdrawal of East Dunbartonshire Council, requesting that the Committee consider the proposed changes and seeking agreement to the proposed changes to the Procedural Standing Orders.

Having heard the Interim Head of Legal & Democratic Services in further explanation of the report and in answer to Member's question, the Committee :-

**Decided:**

- (1) that the terms of the Report be noted; and
- (2) that the proposed changes to the Procedural Standing Orders should be agreed.

### 5 **Roads, Transportation, Fleet, Waste and Grounds Services Update**

There was submitted a Report by the Shared Head of Service Roads & Transportation to update the Committee on the delivery of the Roads and Environmental Shared Service and the implementation of the Interim Management Model in Grounds Services; recommending that the Committee note the contents of the Report.

Having heard the Shared Head of Service Roads & Transportation in further explanation of the report and in answer to Member's question, the Committee agreed:-

**Decided:**

- (1) that the terms of the Report and Appendices be noted; and
- (2) that it be noted that a further report will be brought within 6 months, to a future and Joint Shared Services Committee meeting; detailing the progress to date and future plans identifying savings and potential future savings of the model.

### 6 **Internal Audit and Fraud Update**

There was submitted a Report by the Shared Service Manager Audit and Fraud, providing an update on progress across the Internal Audit and Fraud service collaboration, including short and medium term plans; recommending that the Committee notes the contents of the report and progress against the current action plan.

Having heard the Service Manager Audit and Fraud in further explanation of the report, the Committee :-

**Decided:**

- (1) that the terms of the Report and Appendix 1 be noted.

## Shared Services Joint Committee

### Report by Louise Long (Chief Executive of Inverclyde Council) and Peter Hessett (Chief Executive of West Dunbartonshire Council)

Date of Meeting 18 April 2023

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**Subject: Shared Services**

#### 1. Purpose

- 1.1 The purpose of this report is to provide the Joint Committee with the findings of the independent evaluation on the review of Shared Services and to make recommendations in respect of the future activity in this area.
- 1.2 A shared service model has been developed between East Dunbartonshire Council, West Dunbartonshire Council and Inverclyde Council since 2017 to share roads and transportation services. Over time, the remit has expanded to include waste, fleet, grounds and internal audit, however activities have focussed primarily on the activities of managers as opposed to frontline staff.
- 1.3 East Dunbartonshire Council did not pursue participation in the shared service and formally withdrew from the project in January 2022.
- 1.4 An independent evaluation of Shared Services was jointly commissioned in October 2022 by West Dunbartonshire Council and Inverclyde Council to consider the future of the shared service model. The evaluation was carried out by MKA Economics, a copy of which is contained in Appendix 1.
- 1.5 The evaluation highlights a number of positives, as well as a number of negatives, however concludes that the current model is unsustainable. Officer recommendation is to dissolve the roads, waste, fleet, and grounds areas of operation whilst seeking a further report in respect of the internal audit function.

#### 2. Recommendations

- 2.1 It is recommended that the Joint Committee:
  - (a) Note the independent evaluation of Shared Services.
  - (b) Agree that a report on the Shared Services provision between West Dunbartonshire Council and Inverclyde Council be presented to the respective Councils, seeking to (i) dissolve the arrangement for Roads, Waste, Grounds, and Fleet and (ii) continue the arrangement for Internal Audit services pending a further report.

### **3. Background**

- 3.1 An outline business case was developed in 2017 in relation to a proposed shared roads and transportation service between West Dunbartonshire Council, East Dunbartonshire Council and Inverclyde Council.
- 3.2 The business case was refined in 2018 to develop a shared service for Roads and Transportation. It also set up a Shared Service Joint Committee.
- 3.3 A Head of Shared Service commenced in 2019 to strategically lead the Roads and Transportation Services, develop strategic business cases for services shared across wider front line services and to implement the management model of a wider shared service. The current operating model is a collaborative management model.
- 3.4 The Head of the Shared Service's remit was expanded to include Waste, Grounds and Fleet Services in October 2019 for West Dunbartonshire Council and April 2020 for Inverclyde Council.
- 3.5 Further to the development of additional business cases and approvals, a Shared Internal Audit Manager and a Shared Waste and Fleet Manager were appointed in January and April 2020 respectively with an Interim Grounds management model implemented in May 2021. East Dunbartonshire Council (EDC) withdrew from the project in January 2022.
- 3.6 Inverclyde Council employs the Shared Head of Shared Service, whilst two former Inverclyde employees fulfil the Service Manager roles in Waste and Internal Audit and are employed by West Dunbartonshire Council. The Grounds Manager has been a West Dunbartonshire employee throughout.
- 3.7 An independent evaluation of Shared Services was jointly commissioned in October 2022 by West Dunbartonshire Council and Inverclyde Council to consider the future of the shared service model. The evaluation was carried out by MKA Economics, a copy of which is contained in Appendix 1.
- 3.8 The evaluation considered:
  - How have the original objectives been achieved?
  - What has worked, successes?
  - What hasn't worked, challenges?
  - The benefits of continuing?
  - The benefits of discontinuing?
- 3.9 The evaluation highlights a number of strengths, as well as a number of weaknesses in relation to the current arrangement including:



Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Allows continued platform for sharing ideas and best practice</li> <li>• Build on good communication and best practice sharing to date</li> <li>• Offers modest cost savings</li> </ul>	<ul style="list-style-type: none"> <li>• Potential loss of benefits/objectives due to capacity issues</li> <li>• Lack of consistent systems (payroll, HR, legal) overseeing the Shared Service</li> <li>• No further annual cost savings without new shared posts</li> <li>• Challenging geographical locations</li> </ul>

The report concludes that the current model is unsustainable.

#### 4. Proposals

4.1 The Officer recommendation is to dissolve the roads, waste, fleet, and grounds areas of operation and to seek a further report in the autumn in respect of the internal audit function. Delivery of Internal Audit Services has a number of different considerations, given the nature of the services in question, and there are a number of examples in other Scottish local authorities where a shared service arrangement is understood to work well, notwithstanding the conclusions of MKA Economics. As such, the Officer recommendation is to continue the current arrangement for the provision of Internal Audit services until this further report has been considered. This will result in formal withdrawal from the Shared Services in respect of roads, waste, fleet, and grounds areas of operation, with the need for appropriate reports to the Joint Committee and, in turn, Council meetings, where approval to this proposal will be sought.

4.2 In terms of staff, the solution proposed will be that the Head of Shared Service will see their employment conclude with Inverclyde Council and become a West Dunbartonshire employee at Chief Officer level. The shared Grounds Service Manager will revert to their substantive post within West Dunbartonshire Council given this was an interim arrangement. The shared Service Manager Internal Audit will remain in their substantive post at West Dunbartonshire pending the further report and any impact on employees would be assessed as part of any business case. The shared Waste and Fleet Service Manager will conclude their employment with West Dunbartonshire Council and will once again become an Inverclyde Council employee reverting to the role of Service Manager Waste and Grounds.

#### 5. Implications

##### 5.1 Legal

There are a number of legal and risk implications from this report, including from a contractual, employee and operational perspective. The discussions that have been undertaken to date between the Councils and going forward through the Shared Services Joint Committee, will enable both authorities to partially withdraw from and

adapt the current shared services arrangements in a manner that still enables both to meet their regulatory obligations and duties as employers, and do so in an open and transparent manner. Moving forward, it is considered that the proposals will result in more resilient and effective services for Inverclyde Council. In respect of West Dunbartonshire Council, further to a structural review and consideration of strategic outcomes and operational requirements the proposals will ensure West Dunbartonshire Council continues to deliver best value and efficient services that are fit for the future. The current Minute of Agreement that regulates the shared services arrangements provides for at least an 18 month notice period should one party choose to withdraw, with that party also being responsible for the costs associated with such withdrawal, including severance costs. It is anticipated that through negotiation that notice period will not be required, and that each authority will each meet their own costs. The existing governance arrangements will be reviewed as part of any continuation of the shared services arrangements.

SUBJECT	YES	NO	N/A
Financial	X		
Legal/Risk	X		
Human Resources	X		
Strategic (LOIP/Corporate Plan)		X	
Equalities & Fairer Scotland Duty		X	
Children & Young People's Rights & Wellbeing			X
Environmental & Sustainability		X	
Data Protection		X	

## 5.2 People

Employees affected will be treated in line with the terms and conditions of their current employer until the commence their new position. Thereafter the new employing authority's terms will apply and their positions will be funded by the resultant employing council. All affected employees have indicated a willingness to accept the alternative offers.

## 5.3 Financial and Procurement

Any financial implications arising from these proposals will be managed by the individual councils.

## 6. Equalities Impact Assessment (EIA)

6.1 This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

	YES – Assessed as relevant and an EqlA is required.
x	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqlA is required. Provide any other relevant reasons why an EqlA is not necessary/screening statement.

## 7. Environmental Sustainability

7.1 There are no environmental / climate change impacts which arise directly from this report.

Has a Strategic Environmental Assessment been carried out?

	YES – Assessed as relevant and a Strategic Environmental Assessment is required.
x	NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document, which is like to have significant environmental effects, if implemented.

## 8. Consultation

8.1 None.

**Louise Long**  
Chief Executive  
Inverclyde Council

**Peter Hessett**  
Chief Executive  
West Dunbartonshire Council

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**Background papers:** None





# **Review of Shared Services**

## **An Independent Evaluation**

Final Report

Inverclyde Council and West Dunbartonshire Council

March 2023

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## Executive Summary

### Introduction

MKA Economics was commissioned by Inverclyde Council (IC) and West Dunbartonshire Council (WDC) in October 2022 to review the implementation of shared services to date and to make a recommendation on the options for shared services moving forward.

This was a consultative led evaluation, including 16 face-to-face (virtual) structured interviews with elected members and officers of Inverclyde Council and West Dunbartonshire Council. The structure was to gain views of progress towards stated objectives to date, the successes and challenges to date and to make a recommendation on the options for shared service moving forward.

A Draft Report was issued to IC and WDC on 18th November 2022, responses from IC and WDC were received on 14th December 2022. These comments were reviewed and reflected in a Draft Final Report. A Draft Final Report was issued on 21st December 2022, with final comments provided to the consultant team on 27th February and a Final Report completed on 1st March 2023.

### Progress to Date

In February 2018 a shared services business case was agreed between IC and WDC with East Dunbartonshire Council (EDC) being involved in a Lead (Host) Council arrangement, with the following strategic and operational benefits:

- Lead (Host) Council is an established and respected delivery model in roads;
- Provides best opportunity to protect in-house resilience of service delivery
- Job security and career prospects enhanced
- No procurement required to establish
- Provide mandate and focus to align standards and specifications to improve efficiency
- Ease of pulling staff expertise and other resources in short term
- Ability to be flexible to future change, to add other partners and other service areas
- Partners can retain their own identity and local accountability
- Low risk of service disruption during transition to new service, and potential to phase introduction

- Low set-up costs
- Ease of transfer of operating licences etc
- Ability to make quick gains and efficiencies around productivity and procurement
- Provides access to best operational and business support practices across partners
- Ability to change cultures and be more customer focused

It is recognised that the shared service model was never fully endorsed, and encountered early challenges which resulted in a voluntary collaborative model being adopted. The preferred model for roads, and the preferred tripartite model including EDC did not transpire. A Business Transformation Manager post was not recruited and the model was pushed through as a result of retirements and was not properly developed. It did not gain any real traction, there were perceived concerns amongst staff and Trade Unions, and it suffered from notable changes in political views in West Dunbartonshire. A voluntary collaborative model was established in 2018.

However, there has been a genuine effort to forge a coterminous working relationship through a voluntary collaborative lead management model. There were regular reports and updates on shared services to each council and the joint committee. Management and elected officials involved have promoted the opportunity afforded from sharing services and see the merits in developing a collaborative ethos. However, it is also noted that there have been significant barriers to its growth and development.

Although there is a belief that it can work and should be assessed further. There is also a strong view that time and resource has been expended to make it work, and this has come up against challenges which are unlikely to recede in the short to medium term. There would need to be more support to staff in the shared service arrangement and a willingness to have a step change including a strategic strategy and associated performance framework.

The authorities' desire to share services, as well as national drive for shared services, has somewhat diminished since it was first muted locally in 2015/16. Respondents acknowledge the importance of working together, where there are clear and obvious mutual benefits. It was also noted that other areas, such as back office, and other regions, notably neighbouring authorities, may be better placed for any future collaborative efforts. There are also growing regional collaborative networks which are offering opportunities for cost savings and efficiencies.



It is also fair to note that there is a degree of disappointment that an opportunity has been missed and the shared service approach has not delivered what was originally envisaged. Organisational challenges, changes in management, perceived threats over loss of control and staff cuts and over-stretched working schedules have all contributed to the model not gaining significant traction.

This position was compounded by the fact that the shared service model never really got off the ground, and was not delivered as set out in the original business case. It has never truly been a shared service, it has been a limited development of shared posts, governed by a Joint Committee which has had a focus on monitoring progress and annual reporting over a limited number of meetings.

In many cases much good has come from the shared service roles, and this can continue. The workload and method in which shared posts work across authorities is inherently challenging, this too has been compounded by changes in organisational structures which has added a further level of confusion to the shared service drive. Much good work and effective work practice continues to flow from the shared posts and there is a way in which this can continue in a voluntary and flexible manner.

It is not down to a lack of focus and effort to make the shared service directive work, it has come up against challenges from the start, new challenges, and these challenges continue.

Carrying on as it, is not an option, as is seeking to invest further in its roll-out, as it's roll-out to date has stumbled and not gone further than three shared posts, which are now over-stretched.

### **Moving Forward**

Sharing resources and staff can play in addressing value for money and making savings. These have been modest, and not of the scale as originally envisaged. The shared service saving approach is working in certain areas, through sharing skills, knowledge, experience and best practice, and this should be recognised by all parties. In many cases this has been achieved through the hard work and skills of those staff in these shared posts. These posts are increasingly challenged and the current structure does not support their short to medium sustainability.

There have been concerted efforts to work together, and the fact that the original recommendation and tripartite nature of the shared service agreement was never taken forward is an inherent weakness.

There have been challenges to its growth and the inability to make a step change in facilitating a model which not only make substantial savings but also clearly build resilience, these were the aims, and these have not been achieved, only in part.

For example, transferring the workforce has never been progressed due to differing terms and conditions, which were noted as being challenged by Trade Unions and staff. Similarly, the expected benefits from procurement and sharing resources has not progressed as planned due to legal issues and contractual issues.

The current model is not sustainable, the workloads are becoming unmanageable, and the inability to clearly evidence the benefits of the shared posts, and clearly monitor and evaluate an even split of resource remains a growing challenge. Many of the expected benefits of the Lead (Host) Council model (as set out above) have not progressed, as this model was not ratified and were inherently challenging to be delivered in progressing a voluntary collaborative management model.

There are opportunities for the lessons learned to shape the work in these shared areas, the challenges facing many public bodies are significantly more challenging now than before. Dedicated and skilled workforce in clearly defined roles within each authority will strengthen the required resilience at a relatively small cost. There remains scope to build on the voluntary and flexible benefits of sharing best practice and information exchange through the growing plethora of regional led, sector specific, virtual and physical fora and networks. In time these may create the correct environment for a new wave of sharing services, resources, and people.

**As set out in the individual SWOT of the options and the recommendations set out in the report, it is the review's conclusion that unless there is a political will and a significant guaranteed step change could be agreed, as outlined in the original proposal, the shared posts should dissolve back to each host authority. That is not to say it has been a failure, it can be seen as being a useful exercise to assess the ability of two authorities to share services and skills. The good work and communications should continue and both parties can independently seek a manner in which to make savings through sharing in other areas, with other partners and other collaborative models. There will be cost implications of dissolving the voluntary collaborative management model, and these will be borne by each authority and mitigation measures may be required to avoid any temporal risks to service delivery.**

# 1 Introduction

## Introduction

1.1 MKA Economics was commissioned by Inverclyde Council (IC) and West Dunbartonshire Council (WDC) in October 2022 to review the implementation of shared services to date and to make a recommendation on the options for shared services moving forward.

1.2 A Draft Report was issued to IC and WDC on 18th November 2022, responses from IC and WDC were received on 14th December 2022. These comments were reviewed and reflected in a Draft Final Report. A Draft Final Report was issued on 21st December 2022, with final comments provided to the consultant team on 27<sup>th</sup> February and a Final Report completed on 1st March 2023.

## Background

1.3 As set out in the brief, an outline business case was developed in 2017 in relation to a proposed shared roads and transportation service between West Dunbartonshire, East Dunbartonshire and Inverclyde Councils.

1.4 A business case was refined in 2018 to develop a shared service for Roads and Transportation based on a Lead (Host) Council model, with IC being the lead authority. It also set up a Shared Service Joint Committee.

1.5 A Shared Head of Service commenced in 2019 to strategically lead the Roads and Transportation Services, develop strategic business cases for services shared across wider front line services and to implement the management model of a wider shared service. The current operating model is a collaborative management model.

1.6 The Shared Service remit was expanded to include Waste, Grounds and Fleet Services in October 2019 for WDC and April 2020 for IC.

1.7 Further to the development of additional business cases and approvals a Shared Waste and Fleet Manager and Shared Audit Manager were appointed in April 2020 with an Interim Grounds management model implemented in May 2021. East Dunbartonshire Council (EDC) withdrew from the project in January 2022.

## Evaluation Assumptions and Limitations

1.8 It is acknowledged that changes to the initial business case evolved over time, and the recommendations for a Lead (Host) Council model for Road and Transportation did not transpire. These findings became apparent through the review of documentation and

consultative led research. The consultant team are aware that a voluntary collaborative model was adopted, and our understanding of the timeline is as follows:

January 2019	Shared Roads & Transportation Head of Service commenced, was not as set out in the business case, and was a voluntary collaborative management model;
October 2019	Remit extended to include WDC Waste, Fleet and Grounds;
April 2020	Remit extended to include Inverclyde Waste, Fleet & Grounds;
April 2020	Shared Manager Waste & Fleet commenced;
December 2020	WDC restructure and Head of Service role increased in responsibility to Chief Officer reporting direct to Chief Executive;
January 2021	Interim Shared Grounds Management Support (approval in place until May 2023);
September 2021	Shared Roads Manager post mothballed, after been selected and recommended;
April 2020	Shared Chief Internal Audit post;
October 2021	Shared Service functions and further development mothballed pending Council Elections and pending independent review; and
October 2022	Independent review.

1.9 It is understood that there have been other changes in structures and reporting regimes. It is also acknowledged that the Joint Committee has been established and not met as frequently as initially proposed impacted by Covid and the emergency arrangements put in place in Councils. Organisational structures and more details on timelines and reports were requested and these are noted below. These have not been critiqued in detail, but were reviewed to build a knowledge and context for the independent review, which is based on a consultative led approach.

1.10 Through this consultative led approach, the evaluation seeks to provide an assessment of the implementation of the outcomes that were set out in the original business case. The evaluation focuses Roads and Environmental/Neighbourhood Services and Audit Services.

1.11 The evaluation is based on evidence gathering through interviews with the elected members and officers from both WDC and IC. It did not include interviews with EDC.

1.12 The evaluation report seeks to provide clear recommendations on the potential next phase for the shared services.

## Evaluation Methodology

1.13 In order to conduct the independent evaluation, MKA Economics reviewed the following documents:

February 2018	Shared Roads and Transportation Service Business Case, IC and WDC
February 2018	Roads and Transportation: Shared Service Implementation, IC
September 2019	Joint Collaboration – Audit and Fraud Services, IC and WDC
March 2020	Joint Collaboration: Fleet and Waste Service, IC and WDC
January 2021	Joint Collaboration – Interim Management Proposal (Ground and Roads), IC and WDC

1.14 MKA Economics then undertook face to face meetings (virtually) with the following representatives.

Councillor Stephen McCabe - IC
Councillor Martin Rooney - WDC
Kenny Lang, Fleet and Waste Manager – shared and employed by WDC
Steven Walker, Service Managers, Roads - IC
Liam Greene, Manager of Roads & Transportation - WDC
Councillor Jim Clocherty - IC
Gail MacFarlane, Head of Shared Services – shared and employed by IC
Councillor Michael McCormick - IC
Stuart Jamieson, Interim Director Regeneration & Environment - IC
Andi Priestman, Chief Internal Auditor – shared and employed by WDC
Laurence Slavin, Chief Officer Resources - WDC
Peter Hessett, Chief Executive - WDC
Louise Long, Chief Executive - IC
Councillor David McBride - WDC
Ian Bain, Greenspace Manager for West Dunbartonshire – WDC
Alan Puckrin, Interim Director Finance & Corporate Governance - IC

1.15 The interviews were structured according to an agreed set of questions, both a series of (1) progress to date and backward looking questions, and (2) looking forward in terms of the next potential phase for shared services. All interviews were treated as confidential, the findings in the following sections are a summary of the key themes which emerged from each topic area.

1.16 In terms of report structure, the remainder of the report is structured as follows:

- **Section Two:** Outlines the overarching findings from the interviews in terms of progress to date, how objectives have been progressed and a summary of the successes and challenges from the shared services;
- **Section Three:** Summarises the findings from the interviews around looking forward to the next phase of collaboration and shared services;
- **Section Four:** Presents the key findings and observations around recommendations going forward for both authorities; and
- **Appendix:** Sets out an overview of the strengths, weaknesses, opportunities and threats of each option.

## 2 Consultation Findings – Progress to Date

### Introduction

2.1 This section sets out the findings from the consultation exercise in terms of progress to date, which was structured to assess the following:

<ul style="list-style-type: none"> <li>• How have the original objectives been achieved, covering             <ul style="list-style-type: none"> <li>○ Ensuring value for money?</li> <li>○ Ensuring long term resilience?</li> <li>○ Aligning with local council strategies?</li> <li>○ Aligning with national strategies?</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• What has worked, successes?</li> </ul>
<ul style="list-style-type: none"> <li>• What hasn't worked, challenges?</li> </ul>
<ul style="list-style-type: none"> <li>• The benefits of continuing?</li> </ul>
<ul style="list-style-type: none"> <li>• The benefits of discontinuing?</li> </ul>

### Ensuring Value for Money

2.2 Overall, it was felt that this had not been fully achieved, and only partially achieved, and an opportunity had been missed. It was felt that cost savings had been achieved in the form of sharing posts, in many cases as result of not filling posts which had been vacated through retirements.

2.3 It was also noted that the recommendations in the original business case were also challenged from the outset through East Dunbartonshire Council (EDC), and to a lesser extent Argyll and Bute Council (ABC), withdrawing from the process before it commenced.

2.4 It was felt that that value for money could have been achieved in a greater way if the full recommendations from the Business Case had been followed through. This set out the recommended option being a Lead (Host) Council Model, with the following strategic and operational benefits:

- Lead (Host) Council is an established and respected delivery model in roads;
- Provides best opportunity to protect in-house resilience of service delivery
- Job security and career prospects enhanced
- No procurement required to establish
- Provide mandate and focus to align standards and specifications to improve efficiency

- Ease of polling staff expertise and other resources in short term
- Ability to be flexible to future change, to add other partners and other service areas
- Partners can retain their own identity and local accountability
- Low risk of service disruption during transition to new service, and potential to phase introduction
- Low set-up costs
- Ease of transfer of operating licences etc
- Ability to make quick gains and efficiencies around productivity and procurement
- Provides access to best operational and business support practices across partners
- Ability to change cultures and be more customer focused

2.5 It is recognised that the shared service model was never fully endorsed, and encountered early challenges which resulted in a voluntary collaborative model being adopted. The preferred model for roads, and the preferred tripartite model including EDC did not transpire. A Business Transformation Manager post was not recruited and the model was pushed through as a result of retirements and was not properly developed. It did not gain any real traction, there were perceived concerns amongst staff and Trade Unions, and it suffered from notable changes in political and operational management.

2.6 There was not clear measures or processes to monitor value for money being achieved, and in most cases, this was often simply presented as the upfront savings to both authorities through not refilling retired posts. The evaluation did not fully reconcile what saving was achieved, although it was referenced as being in the region of £95k to £160k for each local authority. However, it is unknown, or made clear to the evaluation team, what the actual cost savings were for each authority.

2.7 It is known that a Lead (Host) Council model was recommended in the Business Case, but what transpired was a voluntary collaborative model which only went as far as initial cost savings. Due to political uncertainties in West Dunbartonshire at the time, the original recommendations were not ratified, and a voluntary collaborative model was progressed.

2.8 It can be concluded, that although there may have been some less tangible and hard to measure value for money benefits, the only tangible value for money indicator was the upfront salary savings from not filling posts and replacing a small number of shared posts.



2.9 Although there was leadership buy in to the shared service model and an initial and early drive to create a truly integrated shared service approach this did not transpire because of political uncertainties noted above.

2.10 Many respondents had hoped that the initial business case and desire to develop a Lead (Host) Council model, with the support of a Business Transformation post, this did not happen, and inertia crept in and individual authorities acknowledged that there were inherent challenges that were not overcome.

2.11 That being said there were a range of harder to measure value for money activities and successes, notably around sharing professional skills, pulling ideas and better communication across departments.

2.12 One clear area of benefit was in the audit and fraud services where it was felt that the new post brought new ideas and cost effective processes into a pooled environment, although this was felt more by WDC than IC. Similarly, it was felt that the shared posts in Ground/Fleet/Waste also enabled a potential cost effective solution to be formed, but this was also felt to perhaps benefit WDC more than IC.

2.13 It also became apparent that any cost efficiencies, albeit limited, were more as a direct result of the skills and abilities of the new shared service post holders, and not the posts, as it was felt that these posts were unsustainable as the work required and skills required were more a testament to the individuals and not the job descriptions, as recognised across most senior posts in local authorities.

2.14 There was a view that there was no clear reporting of any issues, and that services had continued to operate effectively, notably through a trying Covid-19 period, and coupled with savings there was a high level view that the process had been successful, but this lacked evidence.

### **Ensuring Long Term Resilience**

2.15 On the whole, it was felt that although this was a critical objective, notably in small authorities facing challenging budgetary pressures and in areas where there are skill shortages and an ageing workforce.

2.16 There was a consistent view that because the shared service model was not fully delivered, and did not gain early traction or gain momentum, that resilience was actually threatened and not enhanced. In most cases, this was reported as being an issue as resources were spread too thinly and there was often a perceived imbalance in where resources were deployed. As a result the aim of retaining and recruiting skilled staff in a truly shared service, in an aging workforce, was not fully achieved.

2.17 There were hard to measure productivity gains in the form of being able to share good practice, ideas and processes, notably in Audit/Fraud and Ground/Fleet/Waste. Attempts were made to share other posts, such as a Policy Manager, however, this was not progressed but maintained by WDC who decided to partner with Argyll and Bute. However, these were more driven by the skills, drive and ability of post holders, and were limited due to time pressures. Similarly, they were limited due to inherent and clear challenges of full integration, notably, lack of consistent back office functions, different terms and conditions, varying systems, departmental structures, reporting regimes and leadership ethos.

2.18 The Audit/Fraud Service was singled out as an area where resilience was gained, but as noted previously, there was a perception that this was unequally shared across each authority. The shared Ground/Fleet/Waste posts have also managed to develop a locality based resilience model which aided resilience, but this was limited due to inherent challenges facing these posts and the challenge in cascading work practice across each authority.

2.19 It is fair to say that those which felt that there was greater resilience were the authorities and departments which benefits from new talent and ideas, and not those who lost this focus through splitting posts. The new Shared Service Head of Service post was not an existing position in either authority and therefore there was no feeling of a loss or a gain in this area.

2.20 It was felt there was an uneven position in terms of gains and losses to resilience building, with perceptions that one authority was gaining to the detriment of another. This was not seen as a 'Pareto Improvement'<sup>1</sup>, ultimately the goal was for all parties to gain from the new situation, but it was perceived by some that one may have gained to the detriment of another.

### **Align with Local Strategies**

2.21 There was a lack of any known or formal report or strategy, or Performance Management Framework (PMF) which outlined how the shared services policies and procedures supported wider council strategies. It was acknowledged that the shared service directive was embedded within each council's corporate strategies and plans.

2.22 It was suggested that shared services was implicit across the corporate plans to encourage value for money and to enhance resilience. The evaluation did not uncover any specific references that it was a high level policy directive.

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<sup>1</sup> Pareto improvement, or pareto efficiency, is a situation where some agents will gain, and no agents will lose.

2.23 There is no knowledge of a shared service plan or strategy, and that the shared service role was voluntary and was a collaborative management model and there was no requirement for it to be explicit within council plans and strategies. It was never established to be a major policy directive, more a working arrangement to support the wider delivery of other council plans and with a focus on value for money and strengthening resilience.

2.24 This lack of strategic framework may have challenged its ability to develop and respond to policy changes. There is a sense that it was developed in 2017/18 to meet the need to share services, as outlined by national government directives, and to be seen to be reacting to a pressing need for budget cuts. This position has continued, but it is no longer the only show in town, and the focus for savings has focused on other directives and other sharing/collaborative models, such as the opportunities afforded through city deal and other regional/national fora and networks.

2.25 At the same time there have been major staff changes and changes in political leadership which has resulted in a loss of focus and lack of planned governance. The lack of a shared service ethos cutting through all plans and council strategies has resulted in it continuing in a voluntary role, without a significant level of detail and drive.

2.26 Shared services and the voluntary management model which has evolved has proven to be useful in cost efficiencies, and allowed better communications and sharing of ideas and better work practices, but these are not upfront and central in key strategies. For example, each local authority had their own strategy for environment using the expertise of the post holder, however, this was additional work for the postholder with duplication in process and performance management in terms of specifics around local conditions in each authority.

2.27 It was felt that in policy development activities, and responding to national policy and consultation exercises, that a shared Policy Manager post in this regard would offer savings. This post has not progressed, further stressing the lack of drive and joined up thinking in fully absorbing a shared service ethos.

2.28 It is felt that this lack of strategic buy in and loss of focus, and absence of key plans and strategies from its roll out and growth has hindered it to become anything more than a voluntary collaborative model, rather than a fully functioning shared service in the form of the original recommendation for a Lead (Host) Council.

2.29 There has been a lack of clear plans and PMFs to govern, monitor and development the shared service agenda. It was correct to assess the opportunities afforded by a shared approach, but early challenges in terms of perceived loss of control and constraints to developing it have interfered with its ability to become a major council directive in both authorities.

2.30 Each authority's own goals and efficiency savings have impacted on time and capacity to develop the model any further, notably during the Covid-19 pandemic period. This is not to suggest collaboration and sharing should not continue but the lack of a strategic framework has not allowed it to develop any further.

2.31 There is high level strategic support, as 'do nothing' is not an option. The challenges of not having a clear strategy of its effectiveness and ability to make savings and improve efficiency mean that it has been overlooked as any area which could potentially offer major efficiencies. There may be a requirement that any future activity in this area should either be driven by it being embedded clearly with corporate planning, or better, it leads on the development of new corporate plans.

### **Align with National Strategies**

2.32 It was noted that this strategic objective was in part set to ensure that both authorities were to be seen to be meeting the national drive to avoid duplication, to share and work together better. It was also assessed in how it responded to Audit Scotland, Improvement Service and Best Value reviews.

2.33 It was felt that local authorities were forced into trying to make shared services work, and build on some of the successes of regional authorities pre-1996. It was noted that there had been numerous attempts to share back office services and to make regional government work but this never transpired. There was also a willingness to attempt to make shared services work as 'do nothing' would risk local authorities being forced to work together or even merge with one another. A further raft of local reorganisation is not an option, and seeking areas of mutual community and political benefits should continue to be assessed, and disbanded where these are not clear.

2.34 Without any major political directive and platform to achieve this, this did not happen. Attempts were made with other neighbouring authorities and it is known that it can work, but there are many areas where it hasn't worked. The lack of buy in from neighbouring authorities and lack of national level guidance and drive has resulted in it losing focus and attention.

2.35 There are areas, such as in audit and fraud where there are clear shared interests and cost efficiencies. This could be delivered by one local authority on the other authority's behalf. A Lead (Host) Council model has successfully happened in other areas, in this case would involve TUPE of staff and moving their terms and conditions to one local authority. However, the manner in which this has been developed has resulted in a service which is perceived as not being equitable.

2.36 More development work would assist and agreeing the key areas where there are synergies and political buy in would enhance the chance of success going forward. Similarly, there are now other collaborative and shared practices which are being assessed by national government such as the National Care Service and activities through the regional City Deal which are now more of a focus than the shared service agenda.

2.37 There are clear merits of neighbouring authorities to work together where there are obvious and clear geographic opportunities notably roads and other environmental services. Similarly, in areas where there are skill shortages and ageing workforce challenges and seeking a regional approach does offer scope for future opportunities. Further discussion on other shared services have been progressed and prior to 2022 these included HR, Legal, Policy and Fraud. Strong objections and procurement objections from unions and restructuring made it difficult to progress these areas. Furthermore, WDC did not see there to be a benefit to WDC in sharing HR and Legal services, even before they were presented to Trade Unions. This also challenged any future desire of bring the regional road network and associated services into a shared service function. However, this has not transpired in the WDC and IC situation, as these are hindered by not being geographically linked or as well linked as it would with authorities which geographically abut WDC and IC.

2.38 These negotiations have been progressed but there is no evidence that other local authorities have been inclined to work in this area. This may be in part down to a perceived loss of control and perceived cuts affecting the workforce. The lack of a national drive, and knowledge that it is not an area of national significance has resulted in it not happening to the full extent as set out in the original business case.

2.39 There are examples where national directives have and continue to work such as Scotland Excel and Public Contracts Scotland, and local authorities continue to seek benefits through these mechanisms. The current collaborative shared model lacks a coherent national drive and local desire and has resulted in it to continue as a voluntary collaborative model.

2.40 This model is not delivering the major savings envisaged and is resulting in perceptions as to its equitable value. The benefits from it are hard to see, and not reported, suggesting any initial costs saving are now to the detriment of the increasing pressures being placed on shared post holders, which in turn affects the smooth operation of the affected departments.

2.41 The shared service model was perceived as being put together in a reactionary, or hasty manner, one which was more 'push' than 'pull'. That is not to say it did not set out to be an effective model of collaboration, but its inability to develop significant savings questions its future roll out and continuation.

2.42 There are some successes in areas, such as Audit/Fraud and this is an area where a shared service, and Lead (Host) Council model or privatisation has been shown to work elsewhere. Likewise, the Grounds/Waste/Fleet/ function has benefited as a result of a closer working relationship, but this has been restricted to issues in legal, procurement, payroll, HR and IT. Each authority has different operating models and imposing shared services and attempting to keep it alive, without a national platform has resulted in a lack of joined up approach.

2.43 It is known through Best Value reviews, Audit Scotland reviews and Improvement Service briefings, that shared services remains a live option.

2.44 It could have been a major tool if more time was deployed in its development and if there was a national desire for it to work. This did not happen, and this has resulted in a fragmented and confusing, less transparent and equitable model being deployed. This model is now not enabling the results as were promoted the original Business Case and this needs to be considered going forward.

2.45 There are other regional collaborative platforms emerging and ongoing dialogue with other partners, it may be that the lessons of the WDC/IC model are used to inform a new model. Similarly, the early withdrawal for other partners has governed its inability to realise its success. Without complete political buy in, and wavering Trade Union support, suggests a new approach must be considered.

2.46 Sharing ideas and best practice can continue without a close collaborative management model, and this can be expanded to include other authorities and cover other areas of work. This also ensures that local authorities have the correct posts in place to respond to local conditions and desires.

Audit Scotland considers shared services a live area, but an area which is challenging in its own right. Where the benefits aren't clear, it loses a focus and drive.

## **Successes**

2.47 There were many areas where it was felt that the collaborative, albeit voluntary, shared management model has been a success. There is no doubting the improved information exchange, sharing of knowledge and experience has enabled each authority to be more effective across Audit/Fraud, Ground/Fleet/Waste and to and lesser extent Roads and Transportation. Although the shared service model did not roll out as planned and lost traction in Roads and Transportation, this is not to say that information flows have been hampered. Indeed, there is a common view that these have been enhanced.

2.48 There are examples where new ideas, practice and sharing of resources have had mutual benefits, however, it is felt that many of these can use other conduits to enhance their exchange and flow. Similarly, there are perceived concerns in terms of ensuring the flow is in both directions, rather than in an unequal manner. IC and WDC have differing views and perceptions on this point.

2.49 It is felt that Audit/Fraud has benefited through a more joined up manner through the joint Chief Internal Auditor role. This has been championed by the post holder, and embraced by the post holder, and there would be doubts if such a post could be recruited in the event of the current post holder departing in the current labour market climate. There is evidence from other authorities that this is an obvious area for a Lead (Host) Council model and this position could be taken further and formalised. To build resilience and fully support this model the TUPE of staff from Inverclyde Council to West Dunbartonshire may be required or vice versa. To progress this, it would require an assessment of the success factors and lessons learned from other local authorities in this area.

2.50 The sharing of Ground/Fleet/Waste has also been championed through forming a close working relationship of two post holders, and a location based management model has evolved which is also testament to those in these shared posts. Again, it is not known if these posts would be a mutually beneficial should there be changes in personnel.

2.51 Cost savings have been modest, nonetheless they are one of the main aims of the shared services model. By not undertaking this model these costs would have to be borne by both authorities. There has also been no reduction in service levels, and these have been achieved at lower cost. Although there are concerns that this position may be more down to the skills and experiences of those in post than the success of the flawed roll-out of the model. There is also a lack of reporting and strategic management information on their actual financial benefits, other than cost savings.

2.52 Furthermore, it has been felt that a more joined up approach also assisted the delivery of core environmental services through Covid-19 pandemic, through working remotely and sharing knowledge and ideas across departments.

2.53 Sharing of learning, and ideas for learning amongst staff has also happened, and is unlikely to have happened without shared management posts. Witnessing and responding to different situations and challenges has broadened the skill base of management and operatives. There has also been to a lesser degree some shared processes in regard to procurement albeit there have been restrictions to making a collaborative 'deal' as a joint body and looking for discounts. These have been curtailed by legal and contractual issues of engaging with two separate legal bodies. It may be that under the Lead (Host) Council model these opportunities may have been more forthcoming.

2.54 In summary, communication and the sharing of information and intelligence has been one of the major successes, and it may be that this could occur without a formal shared collaborative model, and that it could work with other departments and other local authorities.

2.55 There doesn't seem to have been any notable success that would suggest it has been a great success, and it has been operational for more than five years. There remain constraints to it working more effectively, and there would be costs for disentangling it, however, in the absence of major shifts in working practices and the lack of clear reporting mechanisms as to its success, it is open to challenge on how it can be any more successful in the future. Any future roll out of a shared service would require an agreed and ratified strategy, targets, performance management and investment for it to progress.

### **Challenges**

2.56 The preferred model did not transpire in any real shape or form, it lacked buy in from different levels and was never truly endorsed as a strategic directive by either local authority. It is sub-optimal in size and remit, and over time it has encountered difficulties and challenges. Even during Covid-19 when there was scope to fast track shared services and build resilience, this did not progress.

2.57 The Lead (Host) Council model did not come forward, although it was the recommendation from the business case, and a voluntary collaborative model came forward which only offered modest cost savings.

2.58 This model is now stretching the post holders. Investment is required for it to continue in its current format. The post holders are in an ever more challenging position as the economy recovers from the pandemic and cost savings are even more prominent now than before. There are ongoing labour market challenges, and these posts are stretched with competing demands of both authorities and their respective communities.

2.59 The geographic challenges are well reported, as are the issues with back office functions not being aligned and a lack of Trade Union buy in to help foster a true shared service model. There are inherent challenges in trying to marry two different structures, terms and conditions, these have continued to be very challenging to allow the further roll out of the model of sharing workforces. Over passage of time the management structure has changed causing additional workload for senior officers.

2.60 There is a perceived lack of balance and unequal beneficiaries from a system which should benefit each, without being a detriment to either. This position is contested by WDC and IC. Post holders have major challenges with diaries, systems and reporting. Furthermore, they cannot cover and manage all the required communications with elected members, and cannot be in two places at once.



2.61 Although there is political parity, albeit a differing local political desire at the local level, at the current time, over the last 5 years there have been political issues in West Dunbartonshire in regard to the differing needs and concerns of elected members, these are hard to reconcile and each area have their own differing challenges which is multiplied when working across two political organisations.

2.62 There are lots of good ideas and information exchanges, but these could happen without shared posts, or the voluntary collaborative model, and there are other fora for these transactions.

2.63 There would be obvious merit in seeking back-office shared services, and this could be across more than the current WDC/IC partnership. This would have been a logical place to start and build on these areas before assessing front-facing services, and a lack of Trade Union buy in an unknown or untested model.

2.64 The voluntary led model lacks drive and traction, it isn't truly integrated, and it is difficult to see if much more can exist in the current climate. Post holders will continue to be stretched, elected members may feel exposed, and the resilience is being weakened not strengthened and this could be significant should post holders retire/seek new employment opportunities.

2.65 It is unlikely an independent review would be commissioned if there were clear and obvious savings and efficiencies, the efficiencies to date have been noted as being in the region of £100 to £160k for each authority per annum, and this has resulted in lost talent and loss of dedicated staff posts. Authorities are seeking multi-million pound savings and shared services are not providing that level of benefit. It is a missed opportunity, with many lessons for future collaboration efforts. Any future roll out of a shared service would have to start with the formal collaboration, with a new business case and targets which are measurable.

2.66 There continues to be a perception that each local authority is gaining to the detriment to the other. This position has been clarified in the comments received to the Draft Report, where there are clear differing views as to the flow of costs and benefits. Although there are clear areas of success these have not been of a scale to overturn the perceived costs and risks of the model continuing.

2.67 The areas and authorities are too dissimilar, and there are pressures on both to be working more effectively. The current model is perceived as being unequal and continues to place stress on the departments and post holders to deliver a dedicated service to meet the aims of the local communities.

2.68 Although there are soft benefits, the challenges have not been overcome, they remain and there is real risk that services will deteriorate, and skilled post holders may be lost to the detriment of one or both authorities.

### **Benefits of continuing**

2.69 There have been some notable benefits, around communications and sharing best practice. Modest costs savings continue and there would be new costs to disentangle and restructure. The actual costs have not been clarified as part of this review, but have been noted to be in the region of £100k to £160k per annum to each authority. Postholders and management have committed to it and given resource, time and effort to it.

2.70 The post holders in place are successfully delivering their roles, however, the workload is too high, growing and therefore unsustainable. There is scope for it to continue in a less formal and voluntary basis and the relationships and work practices can continue to be shared. The model would have been more appropriate to neighbouring authorities and authorities with similar structures, and perhaps best focused on back office functions. These areas should be re-assessed.

2.71 There are skills challenges and an ageing workforce, and the current model does in part help alleviate some of these concerns. Disentangling it would not only be expensive, but it would also heighten these recruitment and skills challenges, for both authorities. There are known shortages in certain professionals and technical professions, and these may be hard to recruit should the shared service focus be diminished or removed.

2.72 The softer benefits of exchanging knowledge and ideas, best practices, albeit hard to quantify, should not be undervalued, and they do aid resilience and value for money. They are more likely to occur and strengthen over time. However, they are also driven by the skills, energy, and desire of the post holders. A new informal model may encompass a range of virtual and physical platforms to exchange best practice, sharing of ideas and policies.

### **Benefits of Discontinuing**

2.73 The shared services arrangement did not gain early traction and it is not a major cost saving and it is beginning to undermine the resilience of each authority. If there had been a stronger national desire and national directive for it to happen, there would have been more chance of it being a success. It is known that Audit Scotland recognise these challenges, and these are consistent with other local authority partnerships. The local challenges are pronounced too, with a lack of buy in and support from various levels.

2.74 The original recommendation did not happen, and has not happened, the weakened voluntary collaborative model only offers modest benefits and softer benefits around communication and knowledge exchange. The cost savings are extremely modest when measured against the current budgetary constraints and challenges. Any benefits that have been achieved to date would be lost, and there would be a short term challenge in terms of recruiting new posts should other posts revert to host organisations.

2.75 There would therefore be financial costs, which have been outlined as being in the region of £95k to £160k for each authority per annum, which in the context of the current budget savings is not significant, but it remains a cost to each authority. It also does not allow for issues with recruitment, which may have a temporal impact on service provision and short-term resilience.

2.76 There are benefits returning to the original model of having dedicated officers within each authority, in terms of having a focused dedicated resource and manageable workloads, allowing staff to focus on core product and get on with their own work, resulting in less pressure on posts and greater scope for job satisfaction and retention.

2.77 If discontinued there would remain scope to learn from the lessons and challenges and embark on potential new shared services with other departments, potentially focusing on back office functions. Similarly, there is potential to focus on seeking partners in neighbouring authorities, such as ABC and EDC for WDC, and Renfrewshire, East Renfrewshire, and North Ayrshire for IC.

2.78 There are also other collaborative models, and different regional efforts being led by City Deal functions, and other initiatives such as expanding the collaboration model for school meals Dundee model in a Greater Glasgow setting. These new regional models were not in existence when the shared service models was being crafted.

2.79 Although it is relatively early in the development of shared services, it has been running for five years and is still facing challenges, even without Covid-19 pandemic it is felt that more should have been achieved by now.

2.80 It was also felt that with new Council elected members and a new Chief Executive in WDC, it may also be timely to review progress to date and weight up the costs and benefits prior to expanding or reducing a shared service ethos in each local authority.

### **Summary, Final Comments and Remarks**

2.81 There was a wide range of additional comments and remarks to conclude the interviews. In terms of summarising these comments, it is fair to say that there has been a genuine effort to forge a coterminous working relationship through a voluntary collaborative management model. Management and elected officials involved have promoted the opportunity directive and would see the merits in developing a collaborative effort. However, it is also noted that there have been significant barriers to its growth and development. These are now at a stage where they are now no longer offering clear value for money and in part threaten resilience at the local level.

2.82 Although there is a belief that it can work, and should be assessed further, there is also a strong view that time and resource has been expended to make it work, and this has come up against challenges which are unlikely to recede.

2.83 Respondents acknowledge the importance of working together, where there are clear and obvious mutual benefits. It was also noted that other areas, such as back office, and other regions, notably neighbouring authorities, may be better placed for future collaborative efforts. There are also growing regional collaborative networks which are offering cost savings and efficiencies.

2.84 It is also fair to note that there is a degree of disappointment that an opportunity has been missed and the shared service approach has not delivered what was originally envisaged. Organisational challenges, changes in management, perceived threats over loss of control and staff cuts and stretched working schedules have all contributed to the model not gaining significant traction. This has been compounded by the fact that the shared service model never really got off the ground and was not delivered as set out in the original business case.

2.85 There is no doubting that in many cases much good has come from the shared service roles, and this can continue. The workload and methods in which posts work across authorities is inherently challenging, this too has been compounded by changes in organisational structures which has added a further level of confusion to the shared service drive. It is clear that effective working continues to flow from the shared posts and there is a way in which this can continue in a voluntary and flexible manner.

2.86 It is not down to a lack of work and effort to make the shared service directive work, it has simply come up against challenges, and these challenges continue.

### **3 Consultation Findings – Moving Forward**

#### **Introduction**

3.1 The evaluation sought to gain an appreciation of future option, to guide a clear recommendation on the potential next phase for shared services. The review was charged with assessing four emerging options, these being:

- Dissolution and return to original posts within host local authorities;
- Continuation of the collaborative shared management model (status quo);
- Continuation and development of the collaborative shared management model including looking at remit, scale and scope; and
- Change of operational model in conjunction with review of remit, scale and scope.

3.2 A SWOT of each option is presented as an Appendix to this section, to provide a summary of the key strengths, weaknesses, opportunities and threats of each option.

#### **Dissolution**

3.3 It is fair to say that there was not an overwhelming desire for complete dissolution of the shared service ethos and return to the original model of delivery. There was a general consensus in retaining a shared service ethos, and this would be expected in the current budgetary climate, perhaps even more so with the major budget cuts being faced by local and national governments.

3.4 However, there were strong views that dissolving the current relationship between IC and WDC would enable a refreshed approach to any future shared service development. It was felt that limited benefits have accrued from the existing bilateral relationship, other than initial front-loaded and modest cost savings. It was felt that post holders were over stretched in the current set-up, resulting in a failure to deliver the shared resources clearly and equitably across each authority.

3.5 The benefits were acknowledged as softer and harder to measure benefits such as better communication and sharing of best practices. The cost savings were an early benefit, but modest in comparison to the cost savings been targeted by each authority. The costs of continuing were also hard to report, but it was acknowledged that the resources were increasingly over stretched and beginning to be counter-intuitive in relation to their aim of strengthening local level resilience.

3.6 Overall, an assessment of costs and benefits would have to be considered in progressing this option. The costs would include reappointing new posts within host authorities; however, the benefits would be dedicated posts back with host authorities, fulfilling a clear and measurable role within one organisation. The actual cost is unknown, and the benefits are also unknown at this stage. It is expected that the costs would be relatively minor in light of the overall budget cuts being assessed, and the benefits may be considerable in terms of long term gains through a dedicated resource within each local authority. The actual costs are unknown and these would have to be reviewed as part of any future decision on the shared service agreement, and will also have to take cognisance of TUPE and contractual implications, such as salary preservation, which may add to the cost, time and service provision implications.

3.7 There were some nuances in this area, notably around Audit/Fraud, where it was felt there may be merit in considering a Lead (Host) Council model, for this is known to be successful in other areas and is moving into that sphere in an IC/WDC setting. However, it may be that WDC and IC consider this separately rather than transition the current voluntary arrangement into a formal arrangement.

3.8 The Ground/Fleet/Waste roles have shown progress in terms of a locational resilience model, and the costs associated with changing this would have to be clarified by each authority. The Shared Chief Officer / Head of Service post, which was a new post, would be an area where IC and WDC would need to decide how this post would fit into any new or existing organisational structure.

### **Status Quo**

3.9 This was seen as the least favoured option. This is not an option, 'do nothing' cannot be an option as the current arrangement is not working for each authority. The current arrangements include an interim post, and the shared services progression has been mothballed for over a year. The Shared Roads Manager post was progressed but never filled and there remains differing perceptions over the split of workloads and resources over how resources are allocated over each authority.

3.10 Carrying on may have the benefit of sharing ideas and best practice and improved communication, however, these can all continue through other regional and national fora. There would be a cost to disentangle, and it would release dedicated posts back into host authorities, as was the case when the shared roads manager job did not proceed.

## Refine

3.11 This option seeks to refine, and build on the successes and fix any issues with the current model. There remain concerns how much further shared services can go, as they have been challenged with Trade Union and staff concerns as well as issues around gaining true benefits when the back office systems and functions are not integrated.

3.12 There remain concerns around different terms and conditions, pay grades and work conditions. The only manner in which this method could be implemented would be for the original recommendation of a Lead (Host) Council model to be progressed. The relatively small, and hard to measure, softer benefits achieved to date, over the relative small and modest costs savings suggest further small refinement is unlikely to unlock any noticeable savings.

3.13 It is understood Trade Unions and staff remain concerned about further integration. There has been slow progress to date. There is unlikely to be any major national pressure to promote shared services, and local authorities are seeking much larger savings than those achieved through five years of attempting to get local a shared service approach to work.

3.14 Without strategic buy in to make a major shift towards a significant shared service model, through a Lead (Host) Council, this option remains a longer term option. It is also one which may transpire with another local authority, or authorities. It is also an area which may be best placed for back office functions. Due to the current status of the shared services and lack of progress to date, low level benefits and modest costs savings this option is also ruled out.

## Step Change

3.15 There was limited views on this option, or ideas as to alternative models, other than light reference to forming arm's length organisations, regional skills and resource pools and the potential of co-operative consultancy for technical and professional service. Interviewees recognise there are other well-formed models notably Ayrshire Alliance, Tayside Contracts and Leisure Trusts. However, it was noted that there was no longer a national desire for establishing new bodies in the current budgetary climate, they are not seen as tax efficient, and do not present the efficiencies they once offered.

## Summary

3.16 There is no doubting the value that sharing resources and staff can play in addressing value for money and making savings. These have been modest, and not of the scale as originally envisaged. The shared service approach is working in certain areas, through sharing skills, knowledge and best practice, and this should be recognised by all parties. In many cases this has been achieved through the hard work and skills of those staff in these shared posts. These posts are increasingly challenging and the current structure does not support their short to medium sustainability. There are organisational risks should these postholders move into other positions, or retire.

3.17 There have been concerted efforts to work together, and the fact that the original recommendation and tripartite nature of the shared service agreement was never taken forward. There have been challenges to its growth and the inability to make a step change in facilitating a model which not only make substantial savings but also clearly builds resilience, these were the aims and these have not been achieved, only in part.



## 4 Findings, Observations and Recommendations

### Key Findings

4.1 There has been a genuine effort to forge a coterminous working relationship through a voluntary collaborative management model. Management and elected officials involved have promoted the opportunity afforded from sharing services and see the merits in developing a collaborative ethos. However, it is also noted that there have been significant barriers to its growth and development. These are now at a stage where they are now no longer offering clear value for money and in part threaten local level resilience.

4.2 Although there is a belief that it can work, and should be assessed further, there is also a strong view that time and resource has been expended to make it work, and this has come up against challenges which are unlikely to recede in the short to medium term.

4.3 The authorities' desire to share services, as well as national drive for share services, has somewhat diminished since it was first muted locally in 2015/16. Respondents acknowledge the importance of working together, where there are clear and obvious mutual benefits. It was also noted that other areas, such as back office, and other regions, notably neighbouring authorities, may be better placed for any future collaborative efforts. There are also growing regional collaborative networks which are offering opportunities for cost savings and efficiencies.

4.4 It is also fair to note that there is a degree of disappointment that an opportunity has been missed and the shared service approach has not delivered what was originally envisaged. Organisational challenges, changes in management, perceived threats over loss of control and staff cuts and over-stretched working schedules have all contributed to the model not gaining significant traction.

4.5 This position was compounded by the fact that the shared service model never really got off the ground, and was not delivered as set out in the original business case. It has never truly been a shared service, it has been a limited development of shared posts, governed by a Joint Committee with a focus on monitoring progress and annual reporting over a limited number of meetings.

4.6 In many cases much good has come from the shared service roles, and this can continue. The workload and method in which shared posts work across authorities is inherently challenging, this too has been compounded by changes in organisational structures which has added a further level of confusion to the shared service drive. Much good work and effective work practice continues to flow from the shared posts and there is a way in which this can continue in a voluntary and flexible manner.

4.7 It is not down to a lack of focus and effort to make the shared service directive work, it has come up against challenges from the start, new challenges, and these challenges continue. The good work, and ongoing work of shared posts cannot be undervalued, and a mechanism can be designed which allows these best practices and communications to continue, and even expanded.

4.8 Carrying on as it, is not an option, as is seeking to invest further in its roll-out, as it's roll-out to date has stumbled and not gone further than three shared posts, which are now over-stretched. The section below summarises views and observations on the best way to proceed with shared services.

### **Observations and Recommendations**

4.9 There is no doubting the value that sharing resources and staff can play in addressing value for money and making savings. These have been modest, and not of the scale as originally envisaged. The shared service approach is working in certain areas, through sharing skills, knowledge, experience and best practice, and this should be recognised by all parties. In many cases this has been achieved through the hard work and skills of those staff in these shared posts. These posts are increasingly challenged and the current structure does not support their short to medium sustainability.

4.10 There have been concerted efforts to work together, and the fact that the original recommendation and tripartite nature of the shared service agreement was never taken forward is an inherent weakness. There have been challenges to its growth and the inability to make a step change in facilitating a model which not only make substantial savings but also clearly build resilience, these were the aims, and these have not been achieved, only in part.

4.11 The current model is not sustainable, the workloads are too great, and growing, and the inability to clearly evidence the benefits of the shared posts, and clearly monitor and evaluate an even split of resource remains a growing challenge.

4.12 There are opportunities for the lessons learned to shape the work in these shared areas, the challenges facing many public bodies are significantly more challenging now than before. Dedicated and skilled workforce in clearly defined roles within each authority will strengthen the required resilience at a relatively small cost. There remains scope to build on the voluntary and flexible benefits of sharing best practice and information exchange through the growing plethora of regional led, sector specific, virtual and physical fora and networks. In time these may create the correct environment for a new wave of sharing services, resources and people.

4.13 **As set out in the individual SWOT of the options and the recommendations set out in the report, it is the review’s conclusion that unless there is a political will and a significant guaranteed step change could be agreed, as outlined in the original proposal, the shared posts should dissolve back to each host authority. That is not to say it has been a failure, it can be seen as being a useful exercise to assess the ability of two authorities to share services and skills. The good work and communications should continue and both parties can independently seek a manner in which to make savings through sharing in other areas, with other partners and other collaborative models. There will be cost implications of dissolving the voluntary collaborative management model, and these will be borne by each authority and mitigation measures may be required to avoid any temporal risks to service delivery.**

## Appendix: SWOT Analysis

### Dissolve SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Reverts posts to focus on local demands and responsibilities</li> <li>• Strengthen resilience through dedicated posts/resources</li> <li>• Ensures transparent accountability of costs and benefits</li> <li>• Avoids confusion over geographic focus of efforts and resources</li> <li>• Eliminates confusion over workloads, and reverts to manageable workloads focused on local efforts</li> <li>• Ability to react and respond to local elected members in a timely and efficient manner</li> <li>• Reduces duplication between shared services and parent committee</li> <li>• Allows authorities to focus on delivering Best Value at the local level</li> <li>• Provide and consistency on staff contracts, conditions and pay</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Initial cost implications for each authority</li> <li>• Reallocating staff back into host authorities</li> <li>• Modest benefits to date could be lost</li> <li>• Increased duplication as each council will be required to resource attendance at external national and regional bodies</li> <li>• Reduction in resilience ie structures, flooding</li> <li>• Loss of sharing skills</li> <li>• Loss of single point to lead in key areas such as an Electric Vehicles (EV) strategy</li> <li>• Reduced ability to increase inhouse delivery, reliance on buying in skills from private sector</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Enables refreshed approach to Shared Services</li> <li>• Build on Shared Service ethos achieved to date, i.e., lessons learned</li> <li>• Seek other Shared Service opportunities, i.e., back office, front line and other partners/areas</li> <li>• Develop informal platforms for sharing best practice and knowledge</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Temporal and short term risk to service delivery</li> <li>• Loss of staff, and talent</li> <li>• Failure to comply with Best Value and Audit Scotland Reviews</li> <li>• Political and policy changes and challenges</li> <li>• Budget reductions</li> <li>• Aging demographic /single points of failure</li> </ul>

## Status Quo SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Allows continued platform for sharing ideas and best practice</li> <li>• Reduces duplication in effort and resources</li> <li>• Build on good communications and best practice sharing to date</li> <li>• Offers modest cost savings</li> <li>• Innovative locality resilience model implemented and retained</li> <li>• Service delivery continued throughout challenges, i.e., pandemic</li> <li>• Shared procurement</li> <li>• Opportunity to identify shared project lead when appropriate, i.e., EV Charging Strategy</li> <li>• Sharing of skills, i.e., risk assessment development, project delivery, routes to market</li> <li>• Single attendee to national and regional groups with sharing of information at local level</li> <li>• Less reliance on single posts/ points of failure</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Continued confusion and perception around location of benefits, efforts and resources</li> <li>• Continued challenges of perceived procurement and contractual benefits</li> <li>• Inequal share of costs and benefits</li> <li>• Continuing weakening of local resilience through work overload</li> <li>• Lack of political and operational buy in to develop further</li> <li>• Challenging geographic locations</li> <li>• Joint Committees role as record taking and not decision making function</li> <li>• No further annual cost savings without any new shared posts</li> <li>• Lack of consistent systems (payroll, HR, legal) overseeing the Shared Service</li> <li>• Different position on use of technology etc</li> <li>• Role profiles do not reflect role remit or responsibilities</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Build on existing voluntary model, and opportunities to expand it to other areas (Back office, front line and other areas/partners)</li> <li>• Create cost savings through genuine sharing of services</li> <li>• Rebuild from the start in line with original OBC</li> <li>• Develop a strategic framework (including KPIS and PMF) to measure costs and benefits of a shared service</li> <li>• Joint Committee becoming decision making and reducing duplication, increasing capacity</li> <li>• Shared approach to policy development</li> <li>• Develop skill base to carry out increased activity rather than outsourcing / buying in external support</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Continued risks to resilience</li> <li>• Continued inequalities, and perceptions around inequality in benefits</li> <li>• Potential loss of benefits as a result of over exposed posts</li> <li>• Political and policy changes and challenges</li> <li>• Age profile, workforce planning</li> </ul>

## Refine SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Long list of ‘textbook’ benefits set out in original OBC</li> <li>• Consistent with best practice and Best Value and Audit Scotland principles</li> <li>• Create value for money benefits through genuine shared services</li> <li>• Enhanced resilience through a fair and equal sharing of resources and staff</li> <li>• Support national drive for shared services</li> <li>• Increased capacity and resilience</li> <li>• Reduced duplication</li> <li>• Use of Joint Committee to make decisions</li> <li>• Retention of Locality Resilience Model</li> <li>• Retain opportunity to identify 1 lead to represent at regional and national forums</li> <li>• Retain opportunity to identify one lead for taking forward activities such as an EV strategy</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of political desire to share services</li> <li>• Uncertainty of Trade Union buy in to Share Services</li> <li>• Lack of a track record of delivering to date</li> <li>• No desire by authorities to endorse Lead (Host Council) Model from start</li> <li>• Not fully delivering on the long list of potential benefits to date</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Lessons learned from initial shared service drive</li> <li>• Seek opportunities with other Departments, authorities and agencies</li> <li>• Ability to develop strategy and political drive for genuine shared services under a Lead (Host) Council Model</li> <li>• Closer alignment of terms and conditions to allow for cross border working</li> <li>• Refinement of existing governance model with Joint Committee taking on decision making</li> <li>• Sharing of skills, i.e., flooding where there is limited resource</li> <li>• Developing skills to deliver more work inhouse rather than buying in/ outsourcing</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Unknown staff desire and willingness to buy in to new model, following its perceived challenges to date</li> <li>• Challenging geographical situation</li> <li>• Political and policy changes and challenges</li> <li>• Unlikely support from Trade Union buy in to Share Services</li> </ul>

## Step Change SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Create value for money opportunities</li> <li>• Arms length from political intervention</li> <li>• Examples of success elsewhere</li> <li>• Ability to 'buy in' / procure commercial support and services</li> <li>• Independence and flexibility/adaptability to fast changing economy/environment</li> <li>• Reduction in duplication</li> <li>• Increase in capacity</li> <li>• Alignment of terms and conditions, salaries etc</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Untried and untested in local setting</li> <li>• Other regional partnerships evolving, such as Clyde level agencies (City Deal) and partnerships, and potential overlap and confusion</li> <li>• Poor geographical situation</li> <li>• Investment required in IT etc</li> <li>• Reduction in political accountability</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Taxation and other legal benefits from new independent body</li> <li>• Other geographies and activity areas may be better suited and more flexible to become involved</li> <li>• Ability to develop dedicated systems for new arms length body</li> <li>• Refinement of existing governance model with Joint Committee taking on decision making</li> <li>• Sharing of skills, i.e., flooding where there is limited resource</li> <li>• Developing skills to deliver more work inhouse rather than buying in/ outsourcing</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Trade Union buy in</li> <li>• Staff buy in</li> <li>• Challenging geographical location</li> <li>• Setting out governance and terms of reference</li> <li>• Time taken to align Terms and Conditions</li> </ul>