

## 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.

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**Background papers:** None