

Report of:	Head of Governance & Corporate Services
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Portfolio Leader:	Leader of the Council
Key Decision:	Yes
Report Track:	Cabinet: 16/11/17

CABINET
16 NOVEMBER 2017
SHARED SERVICES – PHASE 2

1 Purpose of Report

- 1.1 To provide an update on the development of further Shared Services between Cannock Chase District Council and Stafford Borough Council and to agree the next steps.

2 Recommendations

- 2.1 To approve the sharing of the following services:
- (i) Information Governance – to be led by Cannock Chase District Council; and
 - (ii) Pest & Dog Control – to be led by Stafford Borough Council. A further report will be submitted in due course outlining the service level agreement and seeking permission to delegate the provision of the service to Stafford Borough Council.
- 2.2 That agreement is given to widening the scope of services to be considered for sharing to include the wider remit of Environmental Services (this will include Streetscene, Grounds Maintenance, Parks & Open Spaces and Trees).
- 2.3 That agreement is given to commissioning an independent options appraisal jointly with Stafford Borough Council to consider all options for the future delivery of Environmental Services.

3 Key Issues and Reasons for Recommendation

- 3.1 Following the agreement of a Memorandum of Understanding between Cannock Chase District Council and Stafford Borough Council in 2009, the first phase of Shared Services commenced in 2011.
- 3.2 As part of the Financial Recovery Plan, as reflected in the General Fund Revenue Budget Medium Term Financial Plan, agreed by Council February 2017, it was agreed that consideration be given to sharing further services with Stafford Borough Council. Officers of the 2 councils have been exploring this and outline business cases have been developed for:
 - (i) Environmental Health;
 - (ii) Planning Services; and
 - (iii) Information Governance.
- 3.3 The work done so far indicates that whilst savings could be achieved from the sharing of these services, more work is necessary before a final conclusion can be reached. The main issue is the scoping of the Environmental Health Service as there are significant differences in the service profile for the 2 councils which make it difficult to agree the parameters of the service to be shared. It is therefore necessary to widen the scope of the services to be considered for sharing to the broader remit of Environmental Services. This will also significantly increase the opportunities for savings to be delivered for both Councils and other benefits such as increased resilience in service delivery.
- 3.4 Given the nature and scale of Environmental Services, it is proposed that an independent options appraisal, including service delivery options, be commissioned. The cost of the options appraisal will be met jointly from the Shared Services reserves of both Councils.
- 3.5 Although it is proposed to delay the decision on sharing of Environmental Health Services pending the outcome of the wider review of Environmental Services, it is proposed to proceed with the sharing of the Pest and Dog Control Service. Since Cannock Chase District Council's contractor, Mitie, decided to terminate its contract early, Stafford Borough Council has stepped in to provide the service. It is now proposed to establish this more permanently as a shared service between with the two councils with Stafford Borough Council acting as the lead authority. This will allow greater opportunities to integrate the service provision.
- 3.6 A business case has been established for a shared Information Governance service on the basis that this is a specialist service with limited resources so it would seem sensible to share expertise. Cannock Chase District Council will act as the lead authority for this service as it has an appropriately experienced Data Protection Officer and Stafford Borough Council does not have an equivalent resource. Stafford Borough Council will contribute £20,000 per annum towards the cost of the provision of a comprehensive Information Governance service.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priority of "Making the best use of limited resources".

5 Report Detail

- 5.1 Cannock Chase District Council (CCDC) has been sharing a range of services with Stafford Borough Council (SBC) since 2011. The services currently shared are:

Services Led by CCDC	Services Led by SBC
Finance and Revenues & Benefits	Legal Services
Audit, Risk & Resilience and Procurement	Human Resources
Building Control	Information Technology

In addition, the Councils also share 2 key statutory posts i.e. the s151 Officer and the Monitoring Officer. Sharing services has saved both Councils £580,000 each per annum.

- 5.2 In view of the changes to and reductions in local government funding, both Cannock Chase District Council and Stafford Borough Council have identified the need to identify opportunities to make efficiency savings. As part of their respective budget processes both Councils decide to consider the possibility of sharing further services in order to generate savings. Each Cabinet agreed that consideration should be given to sharing the following services:
- (i) Environmental Health;
 - (ii) Planning Services; and
 - (iii) Information Governance.
- 5.3 Officers of the 2 councils have been working together and have produced outline business cases for each of the 3 services.
- 5.4 The Shared Services Strategic Board met on 1 August to consider the outline business cases. The Strategic Board comprises:
- Tony McGovern, Managing Director for CCDC;
 - Tim Clegg, Chief Executive for SBC;

- Judith Aupers, Shared Services Lead Officer for CCDC; and
 - Neville Raby, Shared Services Lead Officer for SBC
- 5.5 Whilst the work done so far on the outline business cases indicates that savings could be achieved by sharing services, agreeing the scope of the Environmental Health Service has proved to be problematic. This is due to the differences in the service profile in place at the 2 Councils. If Stafford Borough Council were to “match” their services to the remit of the services referred to as Environmental Health at Cannock Chase District Council it would result in a much narrower share and vice versa.. The 2 main options are:
- (i) to narrow the scope so that the services to be shared achieve a “direct” match in terms of the existing service profile but this would limit the opportunities and savings that could be achieved; or
 - (ii) to widen the scope to include Environmental Services. This option would significantly increase the opportunities to deliver savings and create other benefits e.g. resilience in the delivery of the services.
- 5.6 Widening the scope to “Environmental Services” is the preferred option given that it will increase the opportunities for both Councils rather than limiting them. However, this will necessitate further work being undertaken. Due to the scale of the wider proposal and the limited capacity available internally to support this work, it is proposed that an independent options appraisal be commissioned. It is proposed that the review should consider all of the service delivery options for Environmental Services and not be limited just to the creation of a shared service. This will allow for the consideration of other models such as the setting up of a Local Authority trading company, outsourcing all or parts of the service or internal cost reductions. The review will need to take into account the financial and operational implications for both Environmental Services and the Council overall including VAT, Pension Costs and the potential impact on the operation of back office services. The Shared Services Strategic Board will be responsible for determining the scope of the options appraisal and overseeing the procurement of a suitably qualified and experienced consultant to undertake the review. It is proposed that the cost of this options appraisal will be met jointly from the Shared Services reserves held by both Councils.
- 5.7 The independent options appraisal of Environmental Services will be overseen by the Shared Services Strategic Board (acting as the Project Board) whilst the day to day work will be supported by the Shared Services Programme Board (acting as the Working Group). The Shared Services Programme Board comprises the current shared Heads of Services and the respective Heads of Service with responsibility for Environmental Services will be invited to join the Programme Board to support the options appraisal. The Shared Services Lead officers will take the lead on commissioning the independent options appraisal and acting as the key point of contact.
- 5.8 Although, it is proposed to delay the decision on sharing of Environmental Health Services pending the outcome of the wider review of Environmental Services, it is proposed to proceed with the sharing of the Pest and Dog Control Service. Since Cannock Chase District Council’s contractor, Mitie, decided to terminate

its contract early, Stafford Borough Council has stepped in to provide the service.

It is now proposed to establish this more permanently as a shared service between with the two councils with Stafford Borough Council acting as the lead authority. This will allow greater opportunities to integrate the service provision. There are no direct staffing implications (i.e. TUPE) arising from this. Cannock Chase Council has currently estimated a service requirement of £32,300 for the pest and dog control service but this will need to be revisited, along with the Service Level Agreement, as part of the move to this being a shared service. A further report to Cabinet will be needed in due course regarding delegated authority for the pest and dog control service.

- 5.9 Whilst work continues on looking at the options for sharing Environmental Services it is not possible to proceed with the sharing of Planning Services as it is necessary for services to be shared in “pairs” under the model of shared services adopted in 2011. Furthermore, a number of issues have been raised in the outline business case which requires further consideration. Arrangements will be put in place to facilitate the two planning services work together to explore these issues further.
- 5.10 A business case has been approved by the Strategic Board to establish a shared Information Governance service on the basis that this is a specialist service with limited resources so it would seem sensible to share expertise. The proposal to share comes at time when new regulations are being introduced and both Councils are faced with reviewing their processes.
- 5.11 The Data Protection Act 1998 places obligations upon all organisations processing personal data, to ensure it is done fairly and lawfully. Since the introduction of the 1998 Act the way in which personal data is collected, stored and utilised has changed considerably as new technology has advanced. This has created opportunities for businesses to modernise processes, but has also created risks in the ease by which personal data can now be processed. Since 2010, the Information Commissioner has been given the power to issue monetary penalties of up to £500,000 to any body in serious breach of the Act. A number of local authorities have been issued with substantial penalties over the last few years. In May 2018, there will be a major change in this area, when the Act will be replaced by the General Data Protection Regulation (GDPR). The regulation provides greater rights for individuals with regard to how their information is processed. It also places express obligations on the Council to demonstrate how it complies with the data protection principles. The maximum level of penalty for a breach of the regulations will be increased to 2,000,000 Euros or 4% of turnover, whichever is greater. As part of its functions, the Council processes a large amount of personal data about its residents. Under the new regulations it will be increasingly important for the council to show how it has designed its systems to protect personal data and for its officers to keep on top of the rights of individuals in accessing their data.
- 5.12 To ensure compliance with the new duties, a specialist resource is required with experience and expertise in the field. As Cannock Chase District Council already has a suitably qualified and experienced officer, it will act as the lead

authority for this service. Sharing the service will allow the officer to provide the service to both Councils which will have the benefit of avoiding duplication of effort across both Councils and also providing consistency of policy and approach which is desirable when the Councils are sharing substantial services.

- 5.13 Each Council will however maintain its own separate arrangements to appoint a Senior Information Risk Owner (SIRO) to take overall responsibility for the area and to designate an officer as the Data Protection Officer (DPO). For Cannock Chase Council, the Head of Governance & Corporate Services will act as the SIRO and the Information Manager will be the designated DPO. For Stafford Borough Council, the role of DPO will continue to be held by the Legal Services Manager and the role of SIRO be held by the Head of Law and Administration. This arrangement will provide for SBC officers continuing to offer legal advice on data protection and freedom of information matters and to work with the Information Manager at CCDC.
- 5.14 Stafford Borough Council will contribute £20,000 per annum towards the cost of the provision of a comprehensive Information Governance service. There are no direct staffing implications (i.e. TUPE) arising from this. In the first year, the £20,000 will be used to fund a temporary resource and training costs associated with the implementation of the new regulations across both Councils. It is anticipated that there will need to be a review of the staffing arrangements for the provision of the shared service on an ongoing basis but all costs will be contained within the £20,000 funding.
- 5.15 The Councils are keen to press ahead with the shared service Information Governance service quickly as the new General Data Protection Regulations (GDPR) come into force in May 2018 and work needs to be done ahead of this to support officers in ensuring that the Council is compliant. It is therefore proposed that CCDC officers will start to provide some training and support for SBC ahead of the formal signing of the service level agreement.

6 Implications

6.1 Financial

No provision currently exists within the General Fund Revenue Budget for savings arising from further shared services. A deficit of £181,000 currently exists in relation to the 2019/20 budget with the savings from additional Shared Services providing one of the options to provide an ongoing sustainable budget.

The savings target for the sharing of front line services is lower than that used for back office services – an average of 8% rather than 15%. This is based on savings achieved by other Councils and reflects the need to preserve front line service delivery. Widening the scope from Environmental Health to Environmental Services will significantly increase the opportunities to deliver savings.

The commissioning of an independent options appraisal to consider all options for the future delivery of Environmental Services can be met from the Shared Services reserves.

6.2 Legal

Stafford Borough Council will retain legal responsibility for information governance under the proposals. The pest and dog control proposals may require the delegation of functions from Cannock Chase District Council to Stafford Borough Council as permitted by Section 19 of the Local Government Act 2000 and Section 101 of the Local Government Act 1972.

6.3 Human Resources

The proposal to share Information Governance and Pest & Dog Control does not involve any additional staffing implications under the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014. Any implications for staff as a consequence of the independent options appraisal will be considered at the time.

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

These are covered in the body of the report.

6.7 Risk Management

There are no strategic risks arising from the recommendations outlined in this report. There are some operational risks and these will be managed by the respective lead officers. None of these are considered to be high/red risks.

6.8 Equality & Diversity

None

6.9 Best Value

Achieving best value is a key driver behind the consideration of sharing further services.

7 Appendices to the Report

None

Previous Consideration

None.

Background Papers

None.