CLACKMANNANSHIRE COUNCIL

Report to Clackmannanshire Council

Date of Meeting: 26 June, 2014

Subject: Shared Services

Report by: Chief Executive

1.0 Purpose

1.1 The purpose of this report is to seek Council's approval to achieve deeper integration of Education and Social Services across Clackmannanshire and Stirling by moving to full lead authority models for the provision of each of those services, subject to the development of appropriate business case(s).

2.0 Recommendations

2.1 It is recommended that the Council:

a)   notes the findings of the report;

b)   affirms the further development of shared Social Work and Education Services with Stirling Council;

c)   confirms the principle that the intention is to take forward that further development according to the lead authority model;

d)   agrees that a full business case(s) be carried out on the lead authority model; and

e)   prior to implementation of the model, agrees that full business case(s) are reported back to both councils for a final decision.

3.0 Background

3.1 Clackmannanshire and Stirling Councils agreed in December of 2010 to begin an approach to shared services for social work and education which has evolved progressively since that time.

3.2 Most recently, in June, 2013, both councils agreed a Strategic Agreement which set out the rationale, scope and principles of the joint discharge of functions and consolidated decisions which had previously been taken in respect of shared services.

3.3 One such previous decision (December, 2012) was that "*integration below the level of service management should be pursued where this would result in*

improved outcomes and more effective, efficient services" and services have been developing delivery plans based on that decision.

3.4   While some progress has been made in pursuing that deeper integration, certain barriers remain which have been considered in some detail in the recent Taking Stock exercise.

4.0   Taking Stock

4.1   The annual Taking Stock evaluation of shared services took place between November, 2013, and January, 2014. This provided the opportunity to reflect on progress made in the three years since the decision to share services was taken and involved detailed discussions with staff, service managers, chief officers, trade unions and elected members on their perceptions of progress and barriers to progress.

4.2   Key themes from the Taking Stock were reported to a meeting of the extended Steering Group in January, including that:

   a)   very good progress has been made in terms of integrating senior management and there are now single management teams serving both councils;

   b)   there are some examples of good collaboration across the two councils;

   c)   there is a sense, however, that because of the current approaches to integration, progress has reached a plateau and that the intended outcomes will not be wholly achieved unless there are changes in these arrangements;

   d)   among the most significant factors which combine to hinder progress are different terms and conditions, different policy frameworks in the councils and double workstreams.

4.3   Points raised in the Taking Stock are attached as Appendix 1 to this report.

4.4   In light of this feedback, the extended Steering Group agreed to consider potential alternative arrangements for shared services going forward and at two further meetings in March and May of this year, considered appraisals of the following two options:

   1)   a full lead authority model for shared services; and
   2)   the establishment of a special purpose vehicle (such as a trust) for shared services.

4.5   A brief description of each model and a summary of associated strengths and weaknesses is attached as Appendix 2 to this report.

4.6   Further to consideration of these options, the extended Steering Group agreed to recommend to both councils the adoption of a full lead authority model, subject to the preparation of appropriate business case(s). The details of the lead authority model are set out in the next section of this report.

4.7 The basis for that recommendation was that while both lead authority and SPV models would offer the potential to:

- fully integrate social services and education services
- have a single entity accountable for service delivery
- integrate support services associated with social services and education services
- maintain the principles of reciprocity and parity of esteem
- offer efficiencies and savings.

the full lead authority model would:

a) offer more assurance in terms of elected member influence and democratic accountability than an SPV model. In addition, under a lead authority model staff would continue to be employed by one or other council as opposed to a separate entity; and

b) better lend itself to working with other services of the councils as the services would remain part of a council and the local government sector. This would create less fragmentation of council services than an SPV model.

5.0 Preferred Option - Full Lead Authority Model

5.1 The option of full lead authority is underpinned by the same principles which have existed since the outset of shared services, namely:

a) the Councils will seek to maximise the effectiveness and efficiency of services by closer joint working

b) within the context of retaining local governance, wherever possible services will be delivered jointly, to jointly agreed standards and sharing joint overheads to maximise economies of scale

c) each council is a politically independent statutory body and the partnership approach is founded on the principles of reciprocity and parity of esteem

d) each Council will bear the cost of services delivered within its area. Common costs will be apportioned on an appropriate basis agreed before the commencement of joint service delivery.

5.2 The key features of the full lead authority model are as follows:

a) Clackmannanshire would have responsibility for the discharge of Social Services across the two council areas; Stirling would have responsibility for the discharge of Education Services across the two council areas

b) Clackmannanshire would commission Education Services from Stirling and Stirling would commission Social Services from Clackmannanshire; service level agreements would set out the services to be delivered and the resources to be transferred for that purpose; there would be

monitoring arrangements in each council to ensure the requirements of the SLAs were being met

c) each authority would also take responsibility for the support functions of the service it leads on so that Clackmannanshire would provide all support services for Social Services and Stirling would provide all support services for Education

d) relevant staff would be transferred between authorities under the TUPE regulations; this would include staff who provide direct services (social workers, care assistants, teachers, learning assistants etc) as well as support staff both within the services and in certain corporate services (e.g. HR, finance, IT); this would enable a single set of terms and conditions to apply to all staff in the respective services

e) common service operations and common policies (where desired) would be integrated

f) there would remain the opportunity for each council to pursue individual initiatives and policies; these would be explicitly set out to ensure appropriate resource availability.

5.3 If both councils decide to develop further the shared approach by adopting the full lead authority model, progressing this will require to be properly planned and resourced to be implemented effectively. A full business case, therefore, will require to be prepared which sets out detailed financial, legal, technical and risk appraisals. Service specifications will also have to be developed.

5.4 In addition, given a move to full lead authority would involve the transfer of large numbers of staff, there will require to be staff and Trade Union engagement and consultation throughout the process.

5.5 In this regard, the trade unions were provided in March with the same paper which was considered by the Steering Group and which set out the potential options and an analysis of these.

5.6 Meetings have also taken place in Clackmannanshire and Stirling between elected members and trade union representatives in advance of this paper coming to both councils and this paper seeks to reflect feedback and comments received.

5.7 In terms of political governance of any new arrangements, there are a range of possible options associated with the full lead authority model and the extended Steering Group has agreed that fuller consideration of governance options should be revisited once the full business case for the preferred model has been completed.

6.0 Sustainability Implications

6.1 N/A

7.0 Resource Implications

7.1 *Financial Details* The preparation of the full business case(s) and associated implementation activity are likely to necessitate the identification of additional resourcing. Subject to Council approval of this report, further details of the required resourcing will be quantified and, if required, the necessary approvals requested.

7.2 *Staffing -*

8.0 Exempt Reports

8.1 Is this report exempt?   No

9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities**

 (2) **Council Policies** (Please detail)

10.0 Equalities Impact

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? This will be done as part of the full business case.

11.0 Legality

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers.   Yes

12.0 Appendices

1 - Summary of High Level Feedback - Taking Stock

2 - Strengths/Weaknesses of Alternative Models

13.0 Background Papers

1 - Shared Services - Operational & Governance Arrangements - Shared Services Steering Group - Discussion Paper, May, 2014

2- Shared Services - Operational & Governance Arrangements - Shared Services Steering Group - Discussion Paper, March, 2014

3 - Notes of Stock take sessions, November, 2013 - January, 2014

Author(s)/Approved by:

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Depute Chief Executive	
Elaine McPherson	Chief Executive	

SHARED SERVICES – SUMMARY OF HIGH LEVEL FEEDBACK (EMPLOYEES AND MANAGERS)

GENERAL PROGRESS

Education

1. Alignment of management systems and infrastructure

2. Single education licences (unique in UK) successfully negotiated

3. Improvement in exam results in Clacks/Stirling

4. Improvements in youth services

5. Joint CLD partnership under way

6. Better understanding of what each authority requires of its services

7. Additional Support Needs – improved outreach; placement decisions; better meeting Social and Emotional Behavioural Needs; improved contract scrutiny and budget management

8. Joint co-ordination of schools transport arrangement

9. Development of joint Children's Services Plan under way

Social Services

1. Priorities determined in what social services is seeking to achieve

2. Shared strategic framework; shared performance framework

3. Adult protection – unified approach; sharing skills and expertise

4. Protecting specialist provision through economies of scale (eg children with disabilities; learning difficulties)

5. Agreement to develop single case management system

6. Single managers now in post for Learning and Development; Performance and Quality Assurance; Review, Planning and Commissioning

7. Increased collaboration, learning, sharing good practice (eg in children's residential services – resulting in streamlined procedures)

Support Services

1. Building blocks for change in place – starting to see the impact

2. Good senior level appointments

3. Support services' tactical solutions have worked

4. Some things impossible two years ago now in place (ICT)

5. Services still re-engineering – lack of continuity difficult for support services

GENERAL ISSUES/CHALLENGES

1. Services are at cross-roads/tipping point

2. Shared services is the way things are done - now set in wider council agendas

3. Good progress without a map and in difficult circumstances

4. Wholesale commitment to shared service agendas among managers/unions

   But

1. Need for a clear sense of where this is all going – better service for service users yes… but how is this going to be achieved? What is really meant by shared services?

2. What does lead authority really mean? Not defined

3. Two separate policy and practice structures are significant challenge

4. Concern that time spent on trying to make the shared service agenda work is lowering standards and impeding progress in delivery of education and social services

5. Concern about the amount of resource, time and effort coping with the 'bureaucracy' and 'systems' issues of sharing services

6. Two difference cultures

7. Staff 'dancing round' blockages - covering for shortcomings outside their control; changing priorities; coping with unrealistic expectations

8. Feeding the beast is reducing focus on performance and practice

9. Duplication of effort – budgets, reports, committees, different business case requirements = double effort/time

10. Conflicting processes and procedures – hr, finance – slow/stop progress

11. Different priorities; different standards; different protocols; different working hours

12. Unable to share resources/equipment, transfer staff;

13. Big decisions not being taken eg investment in ICT

14. Pressure/stress of management/staff at 3 year high – anxiety, fear and frustration concern that statutory/regulatory obligations are at risk

GOING FORWARD WE THINK WE NEED ...

1. Clearer sense of direction and firmer priorities – realistic expectations of what is possible and practical

2. Commitment to full integration of services, from management to front line

3. A single budget with one set of requirements and processes (eg charging policies; cross charging)

4. Flexibility in staff transfer; quickly, without bureaucracy

5. Aligned terms and conditions

6. Single strategic/policy decision-making body

7. Two into one can be done – but it needs political support

SHARED SERVICES

TAKING STOCK 2013-14

TRADE UNION DISCUSSION

16 January, 2014

Progress - Education
- Education management arrangements were working well but have reached a plateau
- TUs part of sub group examining LNTC agreements - working closely together; assisting management
- Separate Clackmannanshire/Stirling identities maintained
- Continuing teachers' buy-in to single management of service
- Cross-council networks being built at school and subject levels
- Desire to maintain this co-operative working arrangement

Concerns – Education
- Consultation and communication with TUs has declined due to management side struggling to find time
- Need for more communication
- Important to keep officials informed to help allay fears, avoid suspicion
- Able to access relevant Stirling, but not Clackmannanshire papers
- Some support service issues affect administration

Progress – Social Services
- TUs remain supportive of the shared service agenda - want to work constructively with management
  - Appreciate the financial pressures on both Councils
  - Key interests - protecting jobs. aligning Terms and Conditions
- Stirling/Clackmannanshire TUs working more closely together
  - Joint discussions on common issues - potential to build on this

Concerns - Social Services
- Current status and approach NOT a true shared service
  - Shared management yes, but staff do not feel part of a shared service
  - Do it or don't do it....
- No communication/engagement of TUs/uncertainty on way ahead with Early Years services

- Bi-partite meetings on Early Years agendas, but not on potential social service changes
- Rumour, concern and speculation among staff
- Concern about TU communication/engagement in 600 hours discussions
- Impending health/Social Services integration will add a new dimension to staff fear/uncertainty

What is needed
- Strategic Project Plan for Shared Services
    - Clarity on intent and how to get there
    - Information on cost of establishing shared services, savings and benefits
- Improved communication with TUs to progress service change; allay staff anxiety

- Earlier engagement of TUs in shaping change – before decisions are made
    - More trust placed in TU officials
    - Consider staff transfer arrangements/implications now – avoid uncertainly, conflict
    - Concern about changing work bases - rumours and speculation but no clarity
- Commitment to aligning Terms and Conditions to progress with integrating services
    - TUs awaiting figures to assess nature/scale of pay disparities
- New Service Delivery plans shared with staff
- A re-invigorated, refocused Programme Board
    - Engagement has tailed off- no longer papers to discuss; meetings cancelled at short notice
    - Where are decisions being made?
    - Meet asap to discuss governance

Priorities for Action
- Allay staff uncertainty and anxiety
- Commit to align Terms and Conditions
- Trust and engage TUs in shaping changes
- Ensure clarity on staff transfer arrangements
- Better/regular communication between management and TUs

Colin Liddell OBE
January 17, 2014

Strengths/Weakness of Models

<u>1 - Full Lead Authority</u>

Description - A full lead authority model would mean that each authority would take full responsibility for the delivery and support of the service it manages. In this model, Stirling would effectively become a commissioning authority for social services from Clackmannanshire and Clackmannanshire would become a commissioning authority for education services from Stirling.

For a full lead authority model to operate most successfully, the TUPE transfer of staff from each authority to the lead authority would be required to allow the opportunity to amalgamate terms and conditions to those of the lead authority.

Support services would be covered by the lead authority model so that Clackmannanshire would provide all support services for social services, with Stirling undertaking the same provision for education.

	Strengths	**Weaknesses**	**Comments**
Lead Authority Model Clacks - social services plus associated support services Stirling - education plus associated support services	1: Removal of barriers to improvement to allow outcomes to be optimised 2: Clarifies and formalises where responsibility and accountability for service provision and governance lie 3: Enables genuinely integrated services, policies etc 4: Resolves issue of support services 5: Provides opportunities to realise efficiencies and cost savings 6: Could strengthen approach to health and care integration depending on which model of that integration is preferred (note current preference is for lead authority with lead being council) 7: Would retain parity of esteem principle 8: As services remain within local government, democratic accountability maintained	1: For greatest effect, would require the TUPE transfer of staff between each authority and require significant engagement with TUs. 2: Issues around Asset Management and maintenance to be worked through. 3: Issues around the transfer of liabilities associated with TUPE transfer to be worked through 4: Could be some legal costs incurred to set up the lead authority arrangements.	1: Will require political buy-in and commitment to allow services to operate as a stand-alone organisation. 2: Change management skills and leadership required to manage change process. 3: Excellent project management skills (team & leadership) required to deliver SPV 4: Revised cost apportionment model would be required. 5. Adoption of body corporate for health and care integration would not impede moving forward on lead authority for education and social services

2 - SPV

Description - A Special Purpose Vehicle (SPV) is a separate legal entity which is created for a particular and limited purpose.

An SPV (or two SPVs) could be established and relevant employees from both councils would transfer to the new organisation. Management of the transfer and future terms and conditions would be the responsibility of the SPV's management team.

Support services would be covered by the lead authority model so that Clackmannanshire would provide all support services for social services, with Stirling undertaking the same provision for education.

	Strengths	Weaknesses	Comments
Special Purpose vehicle (SPV)	1: Removal of barriers to improvement to allow outcomes to be optimised 2: Clarifies and formalises where responsibility and accountability for service provision and governance lies. 3: Enables genuinely integrated services, policies etc 4: Resolves issue of support services 5: Could achieve cost savings for both authorities in future years (dependent on decisions re transfer of liabilities etc) 6: Would retain parity of esteem principle 7: Could dovetail with approach to health and care integration were the preferred model the body corporate	1: Would require the TUPE transfer of staff from both councils to a third entity; would require significant engagement with TUs. 2: Issues around the transfer of liabilities associated with TUPE transfer to be worked through 3: Issues around Asset Management and maintenance to be worked through. 4: The SPV would need to be set up from scratch leading to time and cost penalties. (policies, operating procedures, financial modelling, systems etc) 5: Could increase the timeline for delivery of change. 6: Would require "intelligent client" function in both authorities to monitor performance and confirm best value. (Potential cost to both Councils) 7: May be perceptions of reduced accountability and more distant political governance as SPV separate legal entity 8: Introduces greatest change at a time of significant change in both Councils and the public sector generally.	1: Will require political buy-in and commitment to allow services to operate as a stand-alone organisation. 2: Change management skills and leadership required to manage change process. 3: Excellent project management skills (team & leadership) required to deliver SPV 4: Revised cost apportionment model would be required.