
Report to Council

Date of Meeting: 8th March 2012

Subject: Shared Services: Sharing Costs and Benefits

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1. The purpose of this report is to seek Council's approval for the methods to be used to apportion costs/benefits of the joint management teams between Clackmannanshire and Stirling Councils.
- 1.2 A similar report was due to be presented to Stirling Council on 1st March.

2.0 Recommendations

- 2.1 It is recommended that Council:
- a) agrees the methods of apportioning costs and savings as set out in paragraph 3.1 of this report;
 - b) agrees the application of these methods to the posts set out in the tables at paragraphs 4.2 and 4.3 of this report;
 - c) delegates to the respective Chief Executives authority to apply the apportionment methods as appropriate to future costs and savings resulting from shared services in social services and education.

3.0 Proposed Methods of Apportionment

- 3.1 Costs and savings associated with shared services fall into three broad categories as follows
- Shared Costs: those that can be shared according to volumes of business - where costs arise because of the volume of particular activities, they can be shared in proportion to total activity. Apportioning shared costs on the basis of Grant Aided Expenditure (GAE) is proposed for these cases (e.g. population or roll based service)
 - Equal Costs: those that should be split equally - there are some posts where costs are not reflective of volume of business or population size. For example Heads of Service and strategic development roles are not

directly related to client or pupil numbers. It is proposed, therefore, that these types of costs are shared equally between the councils.

- *Unique Costs; those that remain unique to each organisation* - such costs are attributable to one Council only and reflect direct delivery of services such as schools or care homes.

- 3.2 While one of these methods will be relevant to most posts, some posts may require a combined approach to apportionment which applies more than one method.

4.0 Application to Shared Posts

- 4.1 The tables which follow set out the proposed application of the methods of apportionment of costs to the shared posts in both services. The proposals have been discussed and agreed by the Programme Board and were also considered by the Shared Services Steering Group on 31 January, 2012, and discussed at a briefing for elected members of both councils held on 22 February, 2012.

Education

- 4.2 The majority of posts are split according to GAE, with the Head of Service and Business Manager posts being split equally.

Post	Method	Clacks	Stirling
Head of Service	Equal	50	50
Assistant HOS (3)	Split (GAE)	38	62
Service Manager (5)	Split (GAE)	38	62
Business Manager	Equal	50	50
QIOs	Split (GAE)	38	62

Social Services

- 4.3 Four posts are identified as essentially independent from client numbers or volume of operational activity and have their costs shared equally. Eight posts are defined as operational and thus have been apportioned using the GAE allocations. The two area-based childcare manager posts have been apportioned on a combined basis, applying a large element for unique costs (80%) and a smaller element derived from GAE (20%).

Post	Method	Clacks	Stirling
Head of Service	Equal	50	50
Asst Head of Service (Strategy)	Equal	50	50
Asst Head of Service (Operations)	Split (GAE)	37	63
Service Manager (Strategy)	Equal	50	50
Service Manager (joint with NHS)	Split (GAE)	36	64
Service Manager (Child Care Resourcing)	Split (GAE)	46	54
Service Manager (Child Protection & EEL)	Split (GAE)	46	54
Service Manager (Adult Provision)	Split (GAE)	35	65
Service Manager (Criminal Justice)	Split (GAE)	36	64
Service Manager Adult Assessment & CM)	Split (GAE)	36	64
Service Manager (Child Care Clacks)	Split (Unique and GAE)	89	11
Service Manager (Child Care Stirling)	Split (Unique and GAE)	9	91
Specialist / Project Post	Equal	50	50

- 4.4 The effective date of implementation of these shared costs will be from the date on which postholders took up post.
- 4.5 Overall, the shared management teams in social services and education contain fewer posts than the previous number across both councils, with there being 2.5 fewer in social services and 5 fewer in education.
- 4.6 The following table summarises the budget impact for a full year. This is based on 2011-12 GAE data and 2010-11 base costs. The social services figures also include savings made in the Criminal Justice Service.

Service	Current Budgets £000	Shared Costs £000	Total (Saving)/Cost £000	Stirling (Saving)/Cost £000	Clacks (Saving)/Cost £000
Education	£1,415	£1,161	(£254)	(£152)	(£102)
Social Services	£1,039	£914	(£125)	£8	(£133)
Total	£2,454	£2,075	(£379)	(£144)	(£235)

5.0 Future Application of Methods & Annual Review

- 5.1 If Council agrees the methods of apportionment and their application to the shared management posts, it is proposed that future decisions on apportionment are delegated to the Chief Executives of the two authorities to decide based on the methods outlined in this report.
- 5.2 It is anticipated that the apportionment of costs and benefits would be reviewed on an annual basis to ensure the method used is still appropriate. The outcome of this review and any application to future posts would be reported to the Steering Group.

6.0 Sustainability Implications

None

7.0 Resource Implications

Financial Details

- 7.1 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒
- 7.2 Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

Staffing

- 7.3 There are no staffing implications arising directly from this report.

8.0 Exempt Reports

Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

9.0 Declarations

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

(1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

- The area has a positive image and attracts people and businesses ☐
- Our communities are more cohesive and inclusive ☐
- People are better skilled, trained and ready for learning and employment ☐
- Our communities are safer ☐
- Vulnerable people and families are supported ☐
- Substance misuse and its effects are reduced ☐
- Health is improving and health inequalities are reducing ☐
- The environment is protected and enhanced for all ☐
- The Council is effective, efficient and recognised for excellence ☒

(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? N/A

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 - None

13.0 Background Papers

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Approved by

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