

## HAMPSHIRE COUNTY COUNCIL

<b>Committee/ Panel:</b>	Buildings, Land and Procurement Panel
<b>Date of Decision:</b>	18 October 2011
<b>Decision Title:</b>	Shared Services Update
<b>Decision Reference:</b>	3010
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### 1. Executive Summary

1.1. This report provides an update on shared services arrangements currently being progressed relating to:

- Property Services
- Business Services
  - Partnership working between Hampshire Scientific Services and Hampshire Constabulary Scientific Services
- Culture and Heritage
  - Countryside Service
- IT

### 2. Property Services

#### 2.1. Background and Context

- 2.1.1 In the last update to the Panel at the meeting of 1 April the on-going work to develop new business opportunities for Property Services with external clients, through shared services arrangements and partnership working with other local authorities and public sector organisations was identified.
- 2.1.2 In particular, the report highlighted the proposed extension of the Service Level Agreement (SLA) with Hampshire Fire and Rescue Service (HFRS), discussions with Surrey County Council about a potential partnership arrangement and the ambition of a Regional Delivery Partnership developed for a geographical 'cluster' of local authorities.
- 2.1.3 External income accounted for approximately 30% of Property Services turnover during 2009-10 and 2010-11 and it is anticipated that it will provide a similar proportion of income for the current financial year.
- 2.1.4 External work enables Property Services to retain and invest in its staff, manage capacity and balance workload across the service. This will allow the service to provide consistently high-quality delivery for the County

Council's projects and reinforce it's overall reputation as an excellent performing local authority.

2.2 Hampshire Fire and Rescue Service (HFRS) Service Level Agreement (SLA)

2.2.1 A new five year SLA, to provide a range of property and estate management services to HFRS, was signed and commenced on 1 April 2011. This SLA has built on the relationship developed over many years and provides an example of the joint working arrangements that are being considered between the County Council, Fire and Police across a broader spectrum of services. It also ties in with the on-going partnership with HFRS to develop and improve fire safety in the County Council's built estate and local management activities. The two organisations continue to jointly fund an 'embedded' Fire Officer who works full-time with County Council officers and local managers to review projects, manage a programme of inspections and co-ordinate training activities.

2.3 Joint Working Agreement with Surrey County Council

2.3.1 A joint working agreement between the County Council and Surrey County Council was signed on 14 June 2011. The agreement provides a high level framework for joint working across a wide range of property and procurement activities and work is now progressing across three key workstreams that includes:

- design services
- asset management
- procurement.

2.3.2 The design services workstream includes support to a large primary school education basic need programme, which builds on the viability work undertaken for Surrey County Council in 2010/11. Property Services will be providing a design and procurement service on a number of projects and taking a supporting role on the remaining programme. Property Services is also providing professional services in connection with a programme of mechanical and electrical planned maintenance works and some building repair works.

2.3.3 The programme will be managed jointly to ensure private sector contractor and complimenting consultant resources deliver cost reductions and high quality products. Savings Targets have been set to reduce build costs and professional fees compared to historic levels that Surrey County Council has achieved through spot purchase on a project-by-project basis. The partnership has already reduced the professional fee costs of a programme of viability studies, by over 60%, by using a template approach and knowledge from undertaking similar exercises for the County Council and Reading Borough Council.

2.3.4 The capital programmes of the two local authorities are being aligned so that both can benefit from the economies of scale and joint procurement of supply chains and products on projects. The County Council has already seen significant benefits over the last ten years, but there are further costs to be saved by aggregating work.

2.3.5 A substantial programme of joint procurement activity has been developed that includes the purchase of a new Asset Management System, joint or parallel procurement of frameworks and term contracts covering planned and reactive maintenance, modular (temporary) buildings and the IESE local construction framework.

2.3.6 The sharing of professional and technical resources is being undertaken, as both local authorities have skills and capacity in procurement. Common templates and ways of working are being developed and merged so that time is saved by both organisations compared to each undertaking the work separately.

## 2.4 Development of Key Products and Services

2.4.1 The previous report to the Panel identified two key approaches to the development of new business opportunities:

- a client focused approach based on development of relationships with individual authorities, such as Surrey County Council; and
- a product and service focused approach that seeks to identify, develop and procure products and services, potentially in partnership with other authorities, which can be offered to a group of public sector organisations.

2.4.2 Using the second approach, Property Services is now developing a number of products and services through joint procurement with Surrey County Council, which will then be available to other local authorities and public sector organisations through a managed service arrangement.

## 2.5 Term Maintenance Arrangements

2.5.1 Five district councils within the County have confirmed their interest in joining the County Council term maintenance arrangements, which are currently being re-procured. This will extend the external client base for this service which currently provides maintenance services to Hampshire Fire and Rescue Service, Hampshire Schools and a number of Academies. This will also generate additional income through a management fee arrangement.

2.5.2 Joining into a large and well managed arrangement clearly has advantages for smaller organisations in a partnership approach. The procurement is also costly and they can benefit from 'free' entry to the contracts as the County Council is already committed to resourcing the renewal in the summer of 2012.

## 2.6 Volumetric Modular Buildings

Property Services currently generates income by managing the procurement and installation of modular volumetric ('temporary') buildings on behalf of both Reading Borough Council and West Sussex County Council, through the current volumetric buildings framework. Discussions with a number of other local authorities have identified a high demand for volumetric buildings and a new framework, which will be available to local authorities and public sector organisations across the South East, Dorset and Wiltshire is now being procured jointly with Surrey County Council. This will provide the opportunity for increased income for the County

Council's Property Services team through framework rebates and by provision of a managed procurement and installation service on behalf of other authorities.

## 2.7 Regional Delivery Partnership

- 2.7.1 The report to the Panel in April identified the ambition to develop a new Regional Delivery Partnership with neighbouring local authorities that would facilitate the combining of programmes of work to develop them using common technical, financial and procurement templates to deliver cost reductions and efficiencies through economies of scale and effective programme management arrangements.
- 2.7.2 Initial discussions have taken place with Surrey County Council, Reading Borough Council and West Sussex County Council to explore the opportunities, with a positive response. Property Services is currently developing proposals for the governance and financial models that would support such a Partnership arrangement.
- 2.7.3 Development of the Partnership arrangement would build on the existing relationships between Property Services and each of the authorities and is focusing initially on the key workstreams being developed under the joint working agreement with Surrey County Council. A formal proposal for the Partnership is being developed which will come back to a future meeting of the Panel. One area of initial focus is Education Capital and Maintenance expenditure.
- 2.7.4 The Council's are sharing their future programmes with a view to creating programmes of work for common activities, for example primary school extensions, roofing replacement and boiler upgrades. This is particularly pertinent given the recent publication of the James Review of Education Capital Expenditure nationally. A consultation has now commenced through the Department for Education and the partnership has been in discussion with senior officers about the potential for this arrangement acting as a pilot for cross-authority working.
- 2.7.5 Officers from both Children's Services and Property Services are engaged in the partnership discussions which adds weight to the opportunity and enables the links between strategic planning and delivery to be maximised. Hampshire officers are taking the lead in formulating and developing the proposals.
- 2.7.6 This will be complementary to the development of regional and national activities through the National Improvement and Efficiency Partnership and the Local Government Group. The intention is to demonstrate to Local and National Government that a model infrastructure is being put in place that could deliver the widest range of construction projects, appropriately, efficiently and at lower cost.

## 3. **Partnership working between Hampshire Scientific Services and Hampshire Constabulary Scientific Services**

- 3.1. As Members will be aware, the Heads of Science of both the County Council Scientific Services and the Hampshire Constabulary recently agreed to develop a shared forensic science service. The shared scientific

service has been established in order that both organisations, by working together, can deliver high quality forensic science services in the most cost effective manner. This will also create potential opportunities for wider shared services with other Police Authorities and County Councils.

3.2. The vision for the forensic science service includes the following objectives:

- Deliver cashable savings to both organisations
- Improve the quality of the service provided to the public
- Reduce bureaucracy and duplication of effort
- Develop the knowledge, potential and skills of staff
- Be a national lead in forensic partnership working.

3.3. Good progress has already been made against the initial targets set for the development of the shared forensic science service, which are detailed below:

- October 2010 - Chief Officers' agreement to investigate the formation of a shared service
- February 2011 - funding formula and cashable savings plan agreed by finance managers from both organisations
- April 2011 - formal approval of the plan by the County Council's Executive Member for Policy and Resources and the Hampshire Police Authority
- May 2011 – A Memorandum of Agreement was signed by County Council legal representatives and staff training began.
- June 2011 - Essential refurbishment works began at the Scientific Services Laboratory, in order to facilitate the formation of the joint Scientific Services unit for use by both organisations.
- September 2011 - Hampshire Constabulary Fingerprint Development Unit was re-located to the Shared Services Laboratory and drugs analysis and toxicology preparative work began.

3.4. The next steps in Autumn 2011 will include:

- The extension of ISO accreditation to encompass fingerprint development activities, drugs analysis and blood searching. If this is achieved, Hampshire Scientific Service will become the first accredited fingerprint development lab in Europe. Submissions have been made to the accreditation body, UKAS.
- Drugs analysis and toxicology work (on behalf of Hampshire Coroners) will be brought 'in-house'. The In-housing of toxicology work will help to reduce costs to the Coroner's service and provide a stronger focus on improving the service to Hampshire residents by completing the work more quickly.

3.5 National Recognition: As a direct result of combining the scientific strength of both organisations, the service has been invited to:

- work with Home Office at Music Festivals to provide intelligence information and support
- work with an international equipment manufacturer to trial portable drugs analysis equipment leading to detection at source, which will complement the work with the Home Office, as above
- work with Sheffield Hallam and Guys & St Thomas Hospitals on metabolites of pharmaceutical compounds found at Post Mortem examinations.

#### **4. Culture and Heritage**

##### **4.1. Countryside Service**

- 4.1.1 The recent departmental merger of Culture, Communities and Rural Affairs with Property, Business, Regulatory and IT Services has provided the impetus for the County Council to consider the delivery of countryside services to other local authorities. The Countryside Service has a well respected and wide range of expertise that has been used to good effect in the development of the County Council's countryside assets but which has not, as yet, been offered as a service to other local authorities. The establishment of the Culture, Communities and Business Services (CCBS) department has brought these specialist skills together with the important contract, procurement and property management skills necessary to develop a viable offer.
- 4.1.2 The initial approaches being developed have demonstrated that there are benefits to the public sector partners through reduced overheads and the employment of a specialist, flexible service provider working in a local government environment. New income will enable the Countryside Service to retain the specialist staff required to develop its own service, which is highly valued by the residents of Hampshire as well as by visitors to the county.
- 4.1.3 Currently underway is a project commissioned by Buckinghamshire County Council for the County Council to produce a strategy for the development of their four major country parks. It is hoped that this project will offer further opportunities for the County Council through the implementation of the strategy. Buckinghamshire County Council were impressed with the close relationship between the Countryside Service and Property Services and providing an integrated service was a key part of commissioning the County Council.
- 4.1.4 A local district council have also asked the Countryside Service to propose how day to day management of their countryside sites might be provided by the County Council. The main objectives of this partnership will be to reduce management overhead costs for the district council and to strengthen the County Council's operation through economies of scale and the allocation of the optimum level of resources in each area of its operation. The arrangement would benefit the sites themselves and the community they serve through the wider expertise and greater flexibility that the County Council can provide.

- 4.1.5 The Countryside Service has previously undertaken 'one-off' specialist statutory work associated with the process of maintaining the legal record of public rights of way for Portsmouth City Council among other local authorities. Discussions have now taken place between the County Council and another neighbouring local authority to identify the most effective way of transferring this area of work from the local authority to the County Council. This will further enable the County Council to maintain and develop the specialist skills required to successfully carry out this service.
- 4.1.6 The Service has also developed strong working relationships with local partner organisations, such as the Forestry Commission, the Hampshire and Isle of Wight Wildlife Trust and both the New Forest and South Downs National Parks in Hampshire. These partnerships have enabled joint working and agreed objectives, as well as the sharing of staff, equipment, land and other resources to mutual benefit.

## **5. IT**

- 5.1. Members will be pleased to know that external business activity for IT is now approaching £13 million per year, which equates to 30% of the total activity for IT, and this figure increased by £1 million in the last 12 months and is set to increase further, with much of this activity being based on work to support schools.
- 5.2. The two main aims of IT shared services arrangements are:
- To support wider Council's partnership plans by ensuring IT infrastructure is in place
  - To increase income, create economies of scale and protect scarce technical capacity.
- 5.3. In the first area, work with schools is an example. So far all schools that have converted to Academy status continue to buy back the Council's IT, with just one exception. In addition, 98% of all Hampshire schools have bought back into the Hampshire Public Services Network (HPSN2). There is also growing interest in, and commitment to the new 'Hosted Schools Service' (HSS). At the end of August 2011, 13 schools are using the service, and a further 8 are planned for the autumn term. The revenue from these phases is worth in excess of £3 million over a 5 year contract and the total programme may reach £100 million over time.
- 5.4. In the second area, work has continued on developing the Hampshire Public Services Network (HPSN2) across public service organisations, and discussions have recently begun with health organisations in Hampshire. This initiative has been nationally noted as a lead for other public service organisations, and provides a shared platform for which a range of shared services can be delivered across Hampshire public services.
- 5.5. As Members may be aware, staff from the County Council and Dorset County Council have been working together in recent months to develop joint working arrangements for IT, which has continued to focus on shared services for disaster recovery for IT and joint SAP technical services. Further IT initiatives have been considered including Highways systems, Social Care, library services and the 'People's Network' replacement.

- 5.6. A joint review of Data Centre capacity with the Hampshire Constabulary and Hampshire Fire and Rescue (HFRS) around sharing data centre capacity has also taken place. HFRS already share much of their IT with the County Council, and a joint programme of work around multimedia has begun, led by HFRS.
- 5.7. Work is in progress on a new 5-year IT partnership agreement with HFRS. The first draft of a revised Service Level Agreement is due to be ready by the end of September. The aim is to have formal agreement by the end of the calendar year. Wider shared service discussions with HFRS may impact upon the eventual shape and outcome.
- 5.8. A Memorandum of Understanding has been signed with a local County Council for joint SAP work and a programme will be developed to ensure shared benefits, which it is hoped will include greater savings and improved capacity through economies of scale. Early discussion have also begun with another district council, who have approached the County Council to see if we can run much of their IT.
- 5.9. A joint procurement of a Property Management System with Surrey County Council is well advanced, and the County Council will be sharing a programme of procurement with the South East 7 Partnership.
- 5.10. Work also continues in supporting the Havant Public Service Village and discussions have been underway to create a unified IT infrastructure for the County Council and local partners.
- 5.11. With the priorities to drive down costs, the County Council's IT department has been working with 14 other public service organisations across the country to secure a national framework for SAP with the Cabinet Office. This scheme of work is still in the early stages, but could lead to new opportunities in the future, and the County Council is leading nationally for local government.

## **6. Recommendations**

### **6.1 That the Panel advises the Executive Member for Policy and Resources that:**

- a) In respect of Property Services (Section 2);
  - I. The commencement of the Service Level Agreement for Property Services with Hampshire Fire and Rescue Service from 1 April be noted.
  - II. The Joint Working Agreement with Surrey County Council be noted.
  - III. Progress with other Property Services shared service arrangement be noted.
- b) In respect of Partnership working between Hampshire Scientific Services and Hampshire Constabulary Scientific Services – Business Services (Section 3);
  - I. Progress with the work being undertaken to establish a shared forensic science service be noted.
- c) In respect of Countryside Services - Culture and Heritage (Section 4);

- I. The project commissioned by Buckinghamshire County Council for the County Council to produce a strategy for the development of their four major country parks be supported.
  - II. Progress with other Countryside Service shared service arrangement be noted.
- d) In respect of IT (Section 5);
- I. Work being undertaken to support schools and the development of the Hampshire Public Services Network (HPSN2) across public service organisations be noted.
  - II. Progress with other IT Services shared service initiatives be noted.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Business plan link number (if appropriate):	

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents disclose facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. An Equalities Impact Assessment has been completed in the development of this report and no adverse impact has been identified

### **2. Impact on Crime and Disorder:**

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

### **3. Climate Change:**

- 3.1. The shared services arrangements will not have a direct impact on our carbon footprint and energy consumption.