

HAMPSHIRE COUNTY COUNCIL

Committee/ Panel:	Buildings, Land and Procurement Panel
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Decision Title:	Shared Services Update
Decision Reference:	3396
Report From:	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
 - Reading Borough Council Shared Services Agreement
 - Regional 'Cluster' Arrangement
 - Other External Organisations
 - Programme Office
 - Academies
- 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 The last update to the Panel at the meeting of 18 October 2011 highlighted the ongoing work to develop new business opportunities for Property Services through shared services and partnership arrangements with other local authorities and public sector organisations.

2.1.2 External income, including income from local authority schools and academies, will account for approximately 30% of Property Services turnover during 2011/12, similar to the previous two years'.

2.1 Joint Working Agreement with Surrey County Council

2.2.1 Work has continued across the four key workstreams identified in the last report to the Panel on 18 October 2011:

- Design Services
- Asset Management
- Procurement
- Engineering Services.

2.2.2 The design services workstream is focused primarily on the developing primary school education basic need programme. Property Services is currently working alongside Surrey CC on the analysis and planning of their programme up to 2017. Design work is continuing on nine initial schemes, with further projects being added to the package of work and additional viability work also underway. These schemes build on the template design approach developed through similar schemes for the County Council and Reading Borough Council, allowing further refinement of the template design which will then be applied to future County Council schemes.

2.2.3 A programme of work to support Surrey County Council in the development of their strategic asset management function and approach within their organisation has recently been agreed. This includes the development of a strategic asset management plan and a programme of work aligned to the plan.

2.2.4 The Assistant Director, Property Services at Hampshire is supporting a review of their Estates Function, giving advice and guidance to their Corporate Director on reshaping and restructuring the service.

2.2.5 The programme of joint procurement activity is continuing, enabling sharing of professional and technical resource and use of common templates and ways of working which will save both authorities time, thereby reducing the cost of procurement and delivery. In addition to the purchase of a new Asset Management System, modular (temporary) buildings framework, reactive and planned maintenance arrangements and a local construction framework, this programme of joint procurement now includes a specialist roofing framework and a mechanical and electrical engineering framework, as noted in the Corporate procurement report to the panel in October 2011.

2.2.6 Sharing procurement arrangements, or operating common approaches to procurement not only provides savings on the cost of procurement, but can also provide savings on combined programmes of work by facilitating the use of common technical, financial and design templates.

2.2.7 Engineering services support has comprised the delivery of planned maintenance programmes and secondment to provide interim management and leadership of the existing Surrey team.

2.3 Reading Borough Council Shared Services Agreement

2.3.1 The shared services arrangement with Reading Borough Council has continued strongly during 2011/12 with Property Services continuing to deliver the Borough's education capital programme and also a programme of Extra Care housing. In addition, Property Services has been giving strategic advice and undertaken evaluation in support of a study for Reading Borough Council's civic offices rationalisation project.

2.4 Other External Organisations

2.4.1 During 2011/12, Property Services has continued to provide professional support and services to a range of external organisations. These include the ongoing service level agreement with Hampshire Fire and Rescue Service, a programme of mechanical and electrical capital works for Poole Borough Council, asset valuations for Surrey Heath Borough Council and a range of individual projects and services for Hampshire district councils including New Forest District Council, East Hants and Havant District Council, Test Valley District Council, Fareham District Council and Hart District Council.

2.5 Regional 'Cluster' Arrangement

2.5.1 The report to the Panel in April 2011 identified the ambition to develop a new Regional Delivery Partnership with a 'Cluster' of neighbouring authorities that would facilitate the joining up of programmes of work to develop and procure them using common technical, legal, financial and procurement templates. This will enable cost reductions and efficiencies through economies of scale and collaborative effective programme management arrangements.

2.5.2 Discussions have continued with Surrey County Council, Reading Borough Council and West Sussex County Council to explore the opportunities, with a positive response. A legal framework for the collaboration between these authorities is also currently being developed. It is likely that this will be based upon the existing Joint Working Arrangement with Surrey County Council. Further reports to this Panel will detail the progress being made towards a Cluster based agreement.

2.5.3 A Programme Office is being established to bring together the common workstreams across all four authorities and to drive efficiencies through aggregation of workstreams. The Programme Office will draw upon staff seconded into the arrangement from across the cluster group in a genuinely collaborative approach. The costs of the programme office will be covered from the total capital fee available and will drive cost reductions that will significantly outweigh the charge for the team.

2.5.4 The cluster approach will also be of direct benefit to the County Council, who will share in the savings and improvements generated. Included in the initial programme are the Cupernham and Siskin school projects from the Children's Services Capital Programme, for which detailed project appraisals can be found elsewhere on the agenda.

2.6 Programme Office

2.6.1 **Background:**

The County Council recognised a need for different construction procurement approaches in the late 1990's. A number of trials led to the procurement of a construction framework for major projects in Hampshire in 2003, and the success of this laid the foundations for the Regional Construction Framework led by the County Council on behalf of iESE (originally South East Centre of Excellence, SECE), established in 2006. This framework delivered £1.6 billion construction work for 63 South East and London Authorities and resulted in £92 million of efficiency savings in its 5 year life. A second generation framework was procured in July 2011. This is known as the South East and London (SEAL) Construction Framework for Major Projects.

The Hampshire framework together with an integrated and co-located professional team, was utilised to deliver a programme of 10 new Nursing Care Homes in Hampshire worth £60 million utilising common design, procurement and supply chain strategy methodology. The approach delivered up to 40% saving in professional time, excellent cost predictability, improved performance statistics, and importantly, 10% saving of construction cost.

This proposal aims to build upon the experience of the Nursing Care Programme and the leadership of the Regional Frameworks to generate maximum efficiencies from identified programmes of work across multiple authorities in the Cluster. The plan is to establish a core team of programme management staff drawn from the combined resources of the member authorities to identify, plan, procure and deliver a series of projects arising from property and asset management work.

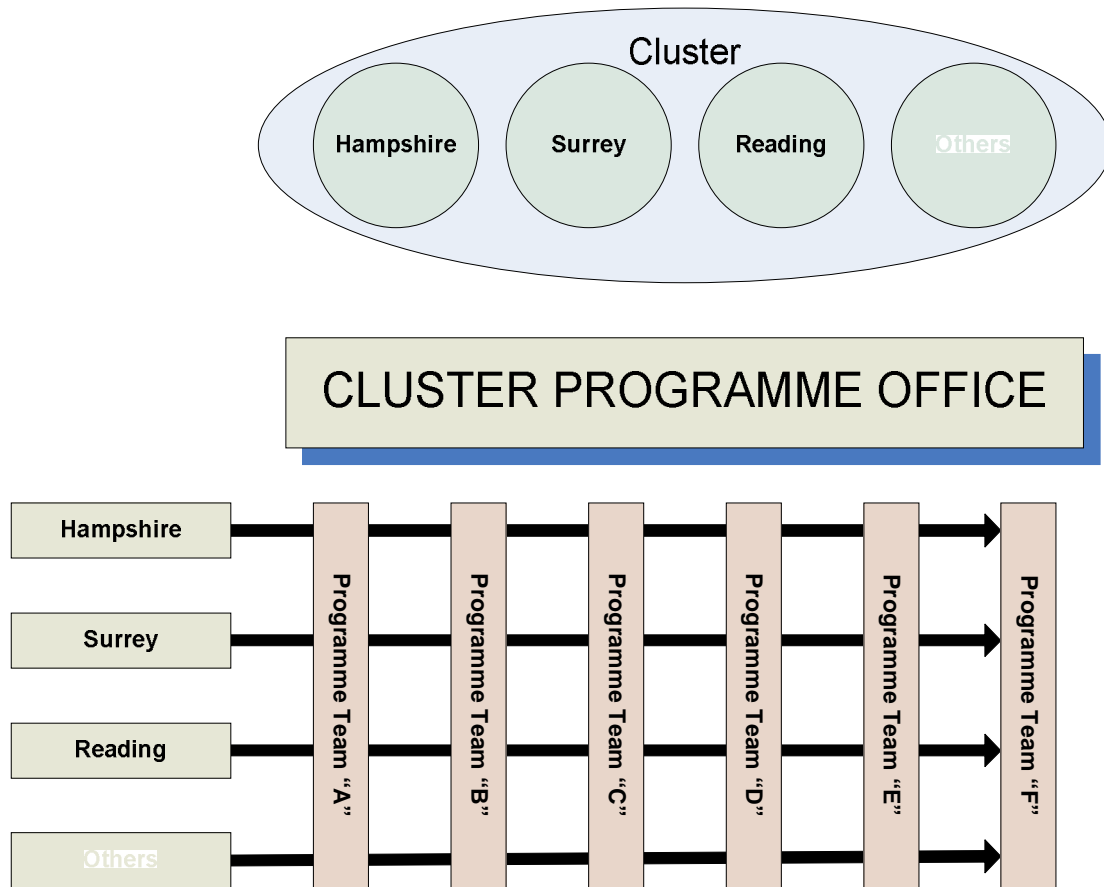
2.6.2 **The Proposal:**

The traditional way to deliver projects is to design, procure and build each one individually, using the learning, and supply chain expertise from one project to the next. The Hampshire Nursing Care programme showed that there is a more efficient way by combining a number of like projects into a programme of work, and managing it as such. A typical programme management team would include core expertise of:

- Programme management and leadership
- Design management
- Cost management
- Timescale Planning
- Procurement and supply chain.

The proposal is to establish a programme management team consisting of these core skills to identify, plan and execute programmes of work emerging from the capital programmes of cluster member authorities. As programmes are identified, local programme management teams will be established to deliver them and achieve the target benefits and efficiencies. In this way, there would be a core

“Cluster Programme Office” and local programme delivery teams, as below:



2.6.3 Objectives and Benefits

The Principal objective of the Programme Office and local programme management is to reduce the costs of design and construction whilst preserving the quality of product and service. High level cost efficiency objectives include procurement aggregation and design commonalities with the aim of saving in excess of 10% in total project costs.

2.6.4 Resources

Roles within the Cluster Programme Office and the local programme teams will be identified and scoped, and staff will be drawn from the member authorities and from private sector partners as appropriate.

2.6.5 Costs

The costs of the Cluster programme office would be shared between the member authorities according to an agreed formula in the Joint Working Agreement. The costs of the local programme management teams would be part of the fees for the projects within the programme.

2.6.6 Next Steps

Property Services have developed structures, roles and deliverables for the Cluster Programme Office and local programme management teams, and are in the process of considering potential HR solutions. Staff from Hampshire and Surrey County Councils are actively

engaged, and further resource from Reading Borough Council is due to join the arrangement in the near future. The Panel are asked to endorse the proposals to finalise the Regional Delivery Partnership for Property Services ('Cluster' Arrangement) and the establishment of the joint working agreements of the programme office, as set out in paragraphs 2.5 and 2.6 of the report.

2.7 Academies

- 2.7.1 Historically, Property Services have had a high level of buy back from schools under their service level agreement with only 11 of more than 520 schools not purchasing the service. Property Services has been successful in retaining the business of Academies under formal contracts which run for twelve months from the conversion date and which include provision for extension for a further 12 months. Three of these contracts are due for renewal or extension on 1 April 2012.
- 2.7.2. Feedback on the current contracts with Academies is positive, although there is some potential concern in one or two Academies around compliance with the public sector procurement Regulations. One key issue to resolve is where the value of the service exceeds the OJEU threshold requiring the purchasing authority to tender through the European Procurement Process. Hence the need to develop an appropriate legal model for Academies wishing to retain Property Services,
- 2.7.3 It should be noted that ,one or two Academies are now beginning to express a willingness to take risks with the ongoing maintenance of their buildings to save money.
- 2.7.4 Extension of the current contract arrangements until April 2013, where this is acceptable to the Academy, is the most straight forward response in the short term. The main risk arising is that the Academy may be challenged for not having undertaken a competitive procurement exercise prior to the award (or extension) of the contract. While this risk is regarded as low and manageable in the short term, a longer term solution is required. Further, an Academy may be unwilling to enter into this on a single tender basis.
- 2.7.5 Property Services have been working with Legal Services to devise an alternative to traditional contracting arrangements. A proposal for a potential public/public partnership option has been identified as the preferred option for further development.
- 2.7.6 A public/public partnership would involve the Council and Academies entering into a joint legal agreement setting out the basis on which they would work together. This would include commitments, protocols and schedules on issues such as:
- The shared objectives of the partnership
 - How the partnership would be governed, with the possibility of a strategic board and operational steering group comprising members representing the partners
 - The terms of reference, voting and how decisions are made
 - Identifying prospective services/activities envisaged

- Contributions to be made by each partner in terms of funding, staff and resources
- scalability by enabling further partners to join by way of deeds of accession
- staff provisions.

2.7.7 It is proposed to offer the partnership agreement to all Academies as an alternative to single, short-term contract arrangements. An update on the response from the Academies sector will be brought forward to a future meeting of the Panel.

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

- 3.1. In the last update to the Panel at the meeting of 18 October 2011, Members were briefed on the shared Forensic Science Service between Hampshire Constabulary and Hampshire County Council, which has been formed to develop expertise in both organisations, to share overhead costs, to deliver cashable savings and improve the quality of the service provided.
- 3.2. Refurbishment works at the laboratory in Southsea have been completed and excellent progress has been made against the initial targets set for the development of the shared forensic science service.
- 3.3. ISO (quality standards) accreditation has been applied for and a preliminary visit by the accreditation body UKAS has demonstrated the capabilities of the scientific service. Assessors commented on the attitude and ability of scientists who, despite the limited availability of systems nationally, have developed processes which allow accreditation standards in this new area to be met. The assessors will shortly return to accredit the Scientific Service for finger print testing and as a result Hampshire Scientific Service will be one of the first accredited finger print testing laboratories in Europe. This is a new requirement of the forensic regulator, as, at present, analysis is undertaken by organisations that are not accredited).
- 3.4. Blood searching (the searching of items for traces of blood) has also been brought in-house, this will lead to savings for Hampshire Constabulary. Accreditation for this area has also been sought and the implications noted in the recent Stephen Lawrence case are being considered as part of the accreditation process.
- 3.5. The service's plan to absorb drugs analysis on behalf of the police (cannabis), toxicology analysis on behalf of the Hampshire Coroners and forensic toxicology (the investigation by Hampshire Constabulary of substances which may have resulted in death) is progressing satisfactorily.
- 3.6. National recognition of this partnership by others has resulted in a request from the Home Office for Hampshire scientific service to join the forensic early warning system (FEWS) for drugs. This group is a select group of six laboratories helping to fight drugs crime under the guidance of the Home Office. In addition the Serious Organised Crime Agency (SOCA)

has asked the scientific service to work with it in tracing the source of drugs on our streets, SOCA representatives are scheduled to visit Hampshire Scientific Service in February 2012.

4. Culture and Heritage

4.1. Countryside Service

- 4.1.1 Working with colleagues across the department, the Countryside Service has successfully completed its first major piece of work for a local authority client. Buckinghamshire County Council commissioned Hampshire County Council to complete an analysis of the Country Parks they own and manage and to provide recommendations for their future management. This work was completed on time, within budget and has received excellent feedback from the client. There is potential for further work to follow from this either directly with Buckinghamshire or with other local authorities. Initial contact has been made with a number of authorities interested in commissioning similar work.
- 4.1.2 The Countryside Service is also producing a brief summary brochure of the variety of work it currently undertakes and describing the expertise within the Service. The creation of a new, jointly funded post between Countryside Services and Property Services will be instrumental in developing this and other business opportunities in the coming months.
- 4.1.3 Progress has been made towards the Countryside Service providing the day to day management of countryside sites for a local district council and the specialist rights of way mapping service for a neighbouring unitary authority. The Countryside Service is continuing to work in partnership with the New Forest National Park Authority to improve service delivery in the New Forest. The Service is contributing to the development of a joint 'Accord' with the South Downs National Park Authority and the highway authorities across the South Downs to identify and develop shared objectives and, where possible, to work together to implement these objectives.

5. IT

- 5.1. IT is now the second largest revenue generator for the County Council behind HC3S. By the end of this financial year over £1 million new income will have been secured and there is every indication that this will be exceeded in the coming year. More importantly, IT is often the key to unlocking wider shared services and collaborative business ventures - for example the early discussions now underway between Hampshire and Dorset County Councils around Adult Services and Library Services following the now well-embedded IT shared service arrangements.
- 5.2. Development of external business opportunities for IT have been focussed over the last few months on building the business case for joint working with Hampshire Constabulary and Hampshire Fire and Rescue Service. In this area, there are opportunities for IT as a shared service in its own right across the three organisations, but more importantly and complex is the role of IT as an enabler for other shared services. Proposals will build on the existing deep and broad shared service

arrangements for IT between Hampshire Fire and Rescue Service and Hampshire County Council, and complement the existing shared service for IT between Hampshire Constabulary and Thames Valley Police.

- 5.3. Good progress is still being made on the rollout of the Hampshire Hosted School Service, which has now been delivered to over 20 schools and the order book is now full for the coming year.
- 5.4. Also of note is the recent joint press release from the County Council and Oxfordshire County Council that received coverage from The Guardian and the BBC for a shared ICT initiative. This is currently around SAP services.
- 5.5. Proposals have now been formally submitted to East Hampshire District Council (EHDC) for a three-way partnership with Havant Borough Council and Hampshire County Council for a single ICT infrastructure and service provision. This will be presented to EHDC Full Council for consideration in March 2012.
- 5.6. Looking ahead, there are early discussions underway with another county council, who have approached the County Council to consider providing a range of IT managed services, including SAP. These are being analysed to ensure any such activity does not compromise the capacity within the County Council to support corporate priorities such as those with the Constabulary and Hampshire Fire and Rescue Service.
- 5.7. There are also negotiations with a number of IT suppliers about new contractual arrangements to reduce costs and enable improved partnership working. Discussions with Microsoft and ESRI are very close to conclusion.
- 5.8. Whilst not a shared service, the recent announcement of BDUK broadband funding of £5 million for Hampshire is welcome news, and will be a joint technology delivery programme with the Hampshire Boroughs and District Councils and others.
- 5.9. Work also continues with the South East 7 authorities, and the County Council recently led a joint workshop on 'cloud computing' looking at the opportunities and risks associated with new technologies and whether these can be shared.

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 proposals to finalise the Regional Partnership for Property Services (Cluster) and the establishment of the joint working agreements of the programme office, be endorsed.
 - II. Progress with other Property Services shared service arrangement be noted.
 - b) In respect of Business Services - Partnership working between Hampshire Scientific Services and Hampshire Constabulary Scientific Services –(Section 3);

- I. Progress with the work being undertaken to establish a shared forensic science service be noted.
- c) In respect of Culture and Heritage - Countryside Services (Section 4);
 - I. Progress with Countryside Service shared service arrangement be noted.
- d) In respect of IT (Section 5);
 - I. Progress with IT shared service initiatives be noted.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

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

DocumentLocation

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.