

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	30 April 2012
<b>Title:</b>	Joint Working in Hampshire: Strategic Integrated Business Case and Individual Blueprint Proposals
<b>Reference:</b>	3506
<b>Report From:</b>	Chief Executive and County Treasurer

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#### 1. Introduction and Organisational Context

- 1.1. Over the last two years the County Council has undertaken a significant corporate efficiency programme to make savings in excess of £100m by reducing the running costs of the Council whilst seeking to protect frontline services. The authority has been successful in achieving this with the over half of the 2012/13 savings delivered as a result of actions taken in 2011/12.
- 1.2. As the programme management and achievement of the remaining savings moves to business as usual, the focus has increasingly been turning to the organisation's broader transformation and positioning for the future. The Corporate Services Review plays a critical role in this as it shapes the capacity and direction of the professional functions at the heart of the organisation.
- 1.3. The Corporate Services Review lays the foundations and enables a move to the broader transformation of the Council to innovate, develop new models of operation, become more entrepreneurial and anticipate the changes to come in public services.
- 1.4. In March 2012, Cabinet approved the County Council's transformation programme which:
- Improves the outcomes that we deliver and maximises our influence from the partnerships we work with;
  - Ensures the people of Hampshire receive effective, low cost and high value public services.
  - Looks to build further efficiencies and reduce costs;
  - Builds new management and leadership capacity; and

- Grows our business and services strategically.

1.5. The 'Joint Working in Hampshire' programme between Hampshire Constabulary (HC), Hampshire Fire & Rescue Service (HFRS) and Hampshire County Council (HCC) touches each of these transformation themes and exemplifies the opportunities that should be explored and aligns that programme with the Council's 'Open for Business Plan' and shared services strategy.

## **2. Summary Overview**

2.1. The appended papers set out the findings and proposals for the 'Joint Working in Hampshire' programme between Hampshire Constabulary (HC), Hampshire Fire & Rescue Service (HFRS) and Hampshire County Council (HCC) for the joint delivery of specific support services:

- A Strategic Integrated Business Case (Appendix A) – A proposal for the longer-term joint delivery of services for a number of core corporate services (Procurement, ICT, Finance & Payroll, Human Resources, and Occupational Health and Wellbeing) across the three organisations.
- Individual Blueprint Proposals (Appendix B) – A series of specific standalone opportunities for greater joint working across a further seven service areas.

2.2. In parallel, these appendices are also being considered by Hampshire Police Authority and Hampshire Fire and Rescue Authority.

2.3. The proposals for the Strategic Integrated Business case reflect a longer-term vision for delivering joint services. If approval is given to proceed it is expected that this will take a period of one to three years to design, develop and implement. The programme will require a phased approach to design, build, sign-off and implementation, recognising a series of key interdependencies, significant cultural changes, potential quick wins and the appropriate sequencing of workstreams.

2.4. The individual blueprint proposals represent a range of additional opportunities and therefore there are prospects for early implementation of a number of these to quickly realise the benefits that have been identified.

2.5. It is fundamentally important that timings and interdependencies are clearly aligned to the County Council's Corporate Services Review (CSR) and this will be considered as part of the planning of the next phase of work. This will not only ensure that savings and benefits are not double counted, but will assist in the development of a manageable and structured approach to deliver the next phases of the joint working programme.

## **3. Background & Scope**

3.1. In September 2011 Cabinet were presented with a *Strategic Case* for 'Joint Working in Hampshire'. This outlined a series of opportunities to build on the combination of strong strategic relationships, geographical synergies and a history of effective shared working to deliver service improvements, increase organisational resilience and reduce operating costs across the three organisations.

- 3.2. Cabinet approved the further exploration and quantification of opportunities through the development of a strategic business case by April 2012 and received an interim update paper in February 2012.
- 3.3. Since September a formal programme of work has been initiated by a Programme Delivery Board which is chaired by the County Treasurer and made up of senior representatives from each organisation. External consultants (Deloitte LLP) were also appointed to provide independent challenge and scrutiny of the proposed options, bringing their experiences of shared services to the overall programme and they have provided an independent statement of the programme (see Page 60 of Appendix A).
- 3.4. This programme has delivered recommendations in relation to a strategic integrated business case (Appendix A) for the following 5 service areas:
  - Finance and Payroll;
  - Human Resources;
  - Occupational Health and Wellbeing;
  - Procurement;
  - ICT.
- 3.5. It has also delivered separate recommendations for seven individual blueprints (Appendix B) considering more detailed opportunities for joint working across the following functions:
  - Training / Learning and Development;
  - Transport and Fleet Management;
  - Research and Analysis;
  - Property and Estates Management;
  - Facilities Management;
  - Media and Corporate Communications;
  - Legal Services.
- 3.6. The programme has also considered the costs, benefits and risks associated with a number of key enablers (e.g. shared ICT infrastructure, Legal Models, HR Processes, Estates), that must be in place to effectively develop and deliver any joint working arrangement.

#### **4. Opportunities, Benefits & Costs**

- 4.1. All joint working opportunities have been developed in accordance with three success criteria agreed in October 2011:
  - Quality – Improved service performance, quality and innovation;
  - Resilience – Increased organisational resilience and future capacity;
  - Efficiency – Efficiencies and cost reduction.

- 4.2. The majority of financial costs and benefits derived from joint working will be apportioned across the three organisations based on a relative percentage calculated from a financial baseline of current gross costs. In addition to any apportioned costs and benefits some organisationally specific costs (such as internal change management resources) and benefits (procurement benefits) have been directly allocated to each organisation.
- 4.3. The financial analysis for the programme demonstrates a strong overall financial case, with a return on investment of two to three years for HCC. Whilst joint working makes sense financially, the rationale and purpose goes well beyond efficiencies with a focus on service quality, resilience and working even more closely together for the benefit of the residents of Hampshire.

### Strategic Integrated Business Case

Organisation	One Off Set Up Costs / (savings) £'000		Annual Cashable Costs / (savings) £'000		Return on <sup>1</sup> Investment
	Best Case	Worst Case	Best Case	Worst Case	
Total Programme	3,045	3,680	(3,930)	(1,970)	0 – 2 years
HCC – element	1,858	2,197	(1,804)	(825)	2 – 3 years

### Individual Blueprints

Organisation	One Off Set Up Costs / (savings) £'000		Annual Cashable Costs / (savings) £'000		Return on Investment
	Best Case	Worst Case	Best Case	Worst Case	
Total Programme <sup>2</sup>	96	124	(337)	(182)	0 – 1 years

- 4.4. There are also a number of additional and less tangible strategic opportunities which go beyond the success criteria and a financial case. These include:

- **Further protection of frontline services** - There will be opportunities for further joint working beyond the current programme scope as the organisational relationships and understanding matures. These opportunities will further protect front line services to the continued benefit of Hampshire residents and meet the shared strategic objectives of each organisation.

<sup>1</sup> Return on investment is defined as the one off set up costs divided by the full annual cashable savings once the entity is established

<sup>2</sup> The costs and savings of some of the Individual Blueprint services will be apportioned based on cost drivers and the calculation of the apportionment will need to be developed as part of the design and implementation phase of the programme.

- **Further growth, innovation and expansion** - Joint working will facilitate and encourage the joint development, further innovation and expansion of services drawing on best practice and offering services to other public sector partners.
- **Strong foundations for sustainable high standards of service delivery** - The joint working proposals provide a sustainable footing to deliver the best possible services to each organisation to meet the needs and expectations of the service users in Hampshire. There is also the longer-term potential for greater partnership working for frontline service delivery to benefit Hampshire residents. This could involve improved 'customer journeys/ experiences' and taking a more 'total service' approach to complex issues or service needs.
- **The best staff and resources** - Joint working will provide each organisation with the best possible professional capacity, skills and resources. This will create the ability to attract and develop the best staff within the public sector in Hampshire, and provide greater opportunities for staff career progression.

## 5. Phasing

- 5.1. The proposals in Appendix A present the vision of how the three organisations could look in one to three years. Appropriately sequencing the activity to reach that point will be crucial to recognise the complexity of the task which goes beyond improving and integrating processes, systems and services to touch upon the deep-rooted behaviours, identity and cultures of the three organisations and staff. If governing bodies approve the proposals in Appendix A, it will be critical that the phasing of this programme of work recognises these separate elements, moves forward in manageable steps and has key milestones to build towards the final position. As part of this, the appended paper highlights potential functional areas which could be fast tracked.
- 5.2. This recognises this will be a journey which the three organisations will embark on together with a clear direction of travel. The focus, implementation and governance is likely to evolve and adapt as the relationships between the three organisations continues to mature. Recognising the evolving model to achieve the vision of joint working in Hampshire and building on this will be essential to its success.
- 5.3. There will be risks along the way and getting the management arrangements, leadership and required infrastructure will be a significant challenge. This reinforces the need, as proposed, for careful, appropriate and phased over time design and implementation as well as for robust programme management. Ensuring alignment with each organisation's own internal change programmes will be a key element of this.

## 6. Links to Shared Services & Corporate Change Programmes

- 6.1. The County Council is engaged in the Corporate Services Review (CSR), and there are a number of interdependencies associated with the in-scope functions. The phasing and sequencing of design and implementation of the joint working opportunities must be carefully planned and closely aligned to the CSR. In particular, the early establishment of HCC's new Integrated Business Centre in a

way that ensures it delivers for HCC whilst enabling joint working in Hampshire and broader shared/sold services will be crucial.

- 6.2. It is imperative that the County Council brings stability to its Corporate Functions to enable any shared service arrangement to be effectively delivered.
- 6.3. The County Council is also engaged in shared services arrangements with a number of external organisations which was outlined in the Shared Services strategy presented to Cabinet in October 2011. Cabinet should note that the Joint Working programme continues to be managed in accordance with this strategy.

## **7. Next Steps**

- 7.1. If approval is given, the detailed planning of the next phases of the programme will be performed during a dedicated planning and mobilisation phase included within the high level implementation plan (see Appendix A page 55). This will be to ensure that the programme moves forward in manageable steps, is appropriately sequenced and has key milestones that build towards the longer-term vision.

## **8. Conclusion**

- 8.1. The County Council's transformation will take different forms. Building on the Cost Reduction and Efficiency work of the last few years this partnership model creates the opportunity for further efficiencies in our business processes and transactions and widens the appeal of the related professional services. This reduces our overheads and brings future income. This model will then act as a platform to widen our offer to other organisations able to use our professional services and capacity. This will become a competitive market. In turn, this creates significant staff opportunities for development and growth. The trick is to build business processes and professional services capable of being scaled up in an efficient manner. This may become one of the public sector models for the future.
- 8.2 It is difficult to be precise some two years ahead but this approach increases the probability that by the time of the next Spending Review, the partnership will be competitively placed to achieve further cost reductions in corporate and business support services. This approach means that whatever resources are available to the County Council the corporate overheads of the Council are at a level that ensures the maximum contribution is made to frontline services.

## **9. Recommendations**

- 9.1. It is recommended that Cabinet approve:
  1. The findings and recommendations of both the strategic integrated business case and individual blueprint proposal.
  2. That (in line with the approvals given by Cabinet in October and November 2011 for the Corporate Services Review) the Chief Executive be authorised to implement the proposals set out in the Business Case and Blueprint, the required investment and the necessary work.

3. That a report be brought to the Executive Member for Policy and Resources for approval to the appropriate investment and financial arrangements.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because it relates to the Efficiency, Expenditure Reduction and Transformation Programme.

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

**The following documents discuss 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. A high-level equality screening has been conducted which has identified that there may be some impact on staff. This will be investigated further and appropriate Equality Impact Assessments undertaken as part of the detailed design, build and implementation phases.

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

- 2.1. None at this stage but there is potentially a positive impact if there is increased HC-HFRS-HCC joint working which improves efficiency, effectiveness and combined impact.

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

- a) How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable at this stage.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable at this stage.