



## Two southern Oxfordshire district councils share services management to improve delivery and save £790,000 per year

### Summary

Neighbouring district councils – South Oxfordshire and the Vale of the White Horse – have decided to share the management of their key local services in a bid to meet the financial constraints currently facing all local authorities.

In July 2008, they embarked on a 21-month process to create a shared structure to manage all their frontline services jointly, saving £790,000 per year while protecting and improving their delivery.

During this period important lessons have been learned regarding the management of members' expectations, staff communication and the process of rationalising and then creating the new management structure.

### The issue

A worsening financial situation caused by reduced funding from central government, constraints on council tax levels and the effects of a depressed economy, have called for some tough and innovative thinking by local authorities.

How do they maintain an ongoing commitment to the protection of frontline services – a concern for both members and residents – while delivering economies in line with their financial targets?



Since 2008, South Oxfordshire District Council (South) and the Vale of the White Horse District Council (Vale), two neighbouring authorities in southern Oxfordshire, have been building on earlier collaborations in the provision of financial and waste services to create a shared structure to manage all their local services jointly.



These services are:

- Legal and democratic
- Economy, leisure and property
- Planning
- Commercial
- Corporate strategy
- HR, ICT and customer services
- Housing and health

In making this move both South and Vale have demonstrated just how effective a shared management structure can be in helping both councils realise the demands of central government and the expectations of local residents.

### The solution

The preliminary to South and Vale councils deciding to share management of all the services they provide was an earlier initiative in which the two authorities shared the management of their financial services, including revenues and benefits.

The move to share financial services was finally undertaken in 2006 with the two councils jointly appointing an external financial services supplier.

South already had a contract of this nature in place which was nearing its end; Vale, on the other hand, had delivered the services in-house and saw an opportunity to reduce costs by externalising the service.

Of equal importance, however, was the recognition that separate teams would not be strong or resourced enough to deliver the required range of services in the face of the financial constraints now facing both councils. The outcome of this joint working initiative was to generate annual savings of £700,000 per year, a success which focused attention on other possibilities.

The first of these was to share a joint waste contract. Both councils had already outsourced refuse collection and street cleaning but under separate contracts, using different contractors and different collection methods. In late 2007 work commenced in earnest to develop a shared waste function with a single client team managing a single contract with a common specification across both districts. A contract was let in December 2008. Once it is fully operational across both councils it will generate savings of £300,000 per year purely attributable to joint working.

The success of these initiatives encouraged both councils to move to a shared management structure, which they collectively agreed on 16 July 2008. In September 2008 David Buckle, South's chief executive was appointed shared chief executive with a shared management team of three strategic directors and eight heads of service.

The process to appoint this senior team was undertaken by an appointments panel made up of an equal number of representatives from each council advised by an independent recruitment consultant who provided valuable perspective and advice. The panel was unanimous on all 12 appointments with nine coming from South and three from Vale.

"Essentially the aim is to run council services like a business," explained South council leader Ann Ducker. "This means we are now both a council and a business. Being able to meet our service obligations has meant putting in business practices or, frankly, seeing those services fail."



### The impact

Starting in the 2009/10 financial year, the shared management team and heads of service will generate £790,000 in annual savings when measured against previous arrangements. From 2010/11 additional joining up of posts below head of service level will save at least a further £150,000 per year for each council. Of some 45 managers originally employed across both councils, around 30 will be retained within the joint management structure once service reviews have been completed in readiness for an April 2010 start.

Against the annual savings of £790,000 there were one-off costs of £920,000 for early retirements and redundancies relating to the shared management team and heads of service. The one-off costs relating to joining up manager posts below heads of service are not yet known. Some may opt for early retirement, whilst others may accept redeployment into other posts. Overall, however, the councils expect to recoup the one-off costs of this change within two years.

According to David Buckle, the shared management initiative has been as much about service improvement as it has been about saving money.

“The £790,000 annual saving on senior salaries is important but joining up management will also improve the resilience of all the services,” he said. “We now have the right people in place in both tiers of management and by bringing functions together we will, amongst other things, reduce ‘sole trader’ staffing where holidays or sickness absences can have a significant impact on effectiveness.”

The heads of service conducted reviews of their individual service area between April and October 2009 to determine the best way forward for each service’s delivery – by a joint manager and a single team, by one manager supervising two separate teams or by separate managers running separate teams. The recommendations have now been put out to consultation for feedback from individual staff according to the service in which they work, and from the UNISON trade union. All reviews have also been published on both councils’ intranets for general input.



The agreed shared service structures are due to be ratified by both councils in December with the new service managers appointed during the first quarter of 2010.

Harmonisation of terms and conditions of employment has also been a prerequisite of bringing the two councils’ services together, establishing a closer working relationship and ensuring more consistent management practices. This has entailed a review of the respective staff’s terms and conditions (T&Cs) and, following negotiation with both branches of UNISON ending in October, a collective agreement has been reached with the trades union.

Trevor Hill, the advisor to the shared chief executive, highlighted that one of the main discrepancies between the two councils’ working practices was one of hours worked.

“Historically each council has worked a different week – South 37 hours and Vale 36.5,” he explained. “The collective agreement will include some protections on annual leave entitlements, annualised hours contracts for all staff below shared manager status, and a ‘buy out’ arrangement for some evening working. However the negotiated settlement provides for a standard working week of 37 hours (1924 annually) This was something we were firmly committed to, and is in any case, in line with the national agreement”.

### Lessons learned

Political buy-in to the principle of shared service management has been fundamental to the momentum of the project and has required skilful management by both council leaders.

Ann Ducker (Conservative) in South and Tony de Vere (Liberal Democrat) in Vale have worked closely together in promoting the concept with their respective members, in particular using the examples of finance and waste to present the case for shared services management.

“Having a three-month agenda going forward has been helpful in preparing the ground for the big decisions,” said Tony de Vere. “It’s an opportunity to stress the renewed strength and improvements shared management will bring to services, which is important for members to understand.

“It’s not just about cost saving. Members need to be reassured and appreciate the wider picture.”

The passion of each leader for the cause has also been vital, not least in South where Ann Ducker had to manage initial disquiet over the proposals from Conservative opposition members in Vale. “We had private talks,” she recalled, “and stressed how important shared management was to the future viability of local services.”

David Buckle is clear about the benefits of the councils making their own business cases and finding their own solutions to problems

“With the exception of recruitment, you can manage the process without consultants,” he commented. “But I would recommend using specialist recruitment advisors to help with appointments to senior posts.

“Their input is professionally objective and serves as an essential counter-balance to any natural tendency by each council to try to even up the numbers appointed. You want the best person for the job and a recruitment expert’s professional objectivity is crucial to bringing this about.”



He went on: “It’s important to avoid any perception of take-over by one council or the other once the senior management is in place. Officers have to be seen to be working for both councils so personal relationships become vital.

“In our case the cultures of South and Vale are different. I’ve had to be mindful of that in my role as shared chief executive. But, in the final analysis, you have to push hard on the implementation plan and just get on with it.”

Another ‘must do’ is to involve staff at all levels. This has been a feature of the shared services work with a wealth of information available on both councils’ intranet sites.

Just as important has been a regular flow of communications using monthly newsletters, briefing sessions, email updates and team staff briefings. Monthly meetings with both branches of UNISON in attendance have reinforced openness and engagement in the process.

### **Measuring performance**

No specific performance indicators are being applied to shared services for which the main driving force remains achieving greater efficiencies and budget savings.

The service review commitment for 2010/11 to save £150,000 for each council has already been fed into both councils’ budgets.

“This year we’ll be monitoring existing performance indicators to ensure current customer service levels and staff morale don’t drop during the period of change,” confirmed Trevor Hill.

“As shared working beds in, we will use the experience to highlight where further improvements are necessary with a view to applying them in the next financial year.

“We’ll continue to use the process to inform target setting in future years.”

### **The Role of IESE**

Improvement and Efficiency South East (IESE), has financially supported South & Vale by an investment of £100k to accelerate its move towards partnership working, and continues to back the programme with ongoing personnel support.

The shared learning from the project is being promoted through the Regions Partnership Support service which includes the documents used to progress the project including cabinet papers, and deliverables such as the Section 113 agreement between the two authorities to enable the sharing of staff between the councils.

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