



Highways Maintenance Efficiency Programme

# Shared Services Toolkit

Setting Up and Operating a Shared Service for Highway Services

Version 1 March 2013



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# REVISION SCHEDULE

## Shared Services Toolkit

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# FOREWORD

## ABOUT THE HIGHWAYS MAINTENANCE EFFICIENCY PROGRAMME

The Highways Maintenance Efficiency Programme (HMEP) is a sector-led transformation initiative that will maximise returns from investment and deliver efficiencies in highway maintenance services. The Programme started in April 2011 with sponsorship from the Department for Transport and is intended to run until 2018.

The Programme is offering local highway practitioners benefits from different ways of working. The vision is that, over time, those involved in highways maintenance delivery, the local authorities as clients and their service providers, be they from the private or public sector, will adopt an ambitious and longer-term approach to enable them to:

- continuously find new and improved ways of delivering services to highway users and managing highways assets
- make use of collaborative partnerships to improve processes and outcomes
- deliver a sustainable balance between meeting the needs of highways users, improving quality and minimising costs.

The overall programme has been developed by the Programme Board through key personnel who support HMEP's development. This will ensure that:

- the Programme is truly being driven by what the whole sector needs and wants ('by the sector for the sector')
- the solutions identified by the sector are relevant, realistic, repeatable, scalable and sustainable
- HMEP is benefits-led, driving true transformation of the sector with tangible efficiency gains and a lasting legacy.

As a transformation initiative, HMEP is targeting the ways that Local Highway Authorities conduct their business. It invites the sector to adopt new ways of working to deliver efficiency savings through:

- **collaboration and change** – looking at how alliances between authorities, and clients and their providers, can be formed to deliver efficiencies in the delivery of highway maintenance services. Other projects are looking at changing business processes, for instance by applying lean thinking to the processes behind service delivery and how services or processes can be streamlined to realise efficiencies
- **procurement, contracting and standardisation** – advising on the routes to procurement enabling authorities to determine how their current service is aligned to current thinking and which is the best procurement option to realise their future service

ambitions. It also provides the tools so that efficiencies can arise through the use of, for instance, a standardised form of contract and highway maintenance specification which is better aligned to the activities that Local Highway Authorities undertake

- **asset management** – by providing advice to the sector in the form of updated asset management guidance; for both a simplistic and, where appropriate, more complex life-cycle planning tool to determine whole-life asset costs, thus moving away from a reactive to a longer-term approach for maintaining highways assets; also to provide training specifically targeted at practitioners to help them move towards an asset management approach and to adopt the new HMEP guidance and tools
- **benchmarking and performance** – collecting, sharing and comparing performance data on customer/quality/cost to show how effective Local Highway Authorities are both in delivering value-for-money services and in driving targeted efficiencies.

Products and tools are being developed for each of these themes and are being designed to be interdependent, but complementary, so that authorities can maximise their returns on their investments.

## ABOUT THIS TOOLKIT

The Shared Service Toolkit is part of the collaboration theme. This toolkit guides Local Highway Authorities through the necessary processes for setting up and operating a shared service and uses case studies to illustrate these. It identifies assessment criteria that could be used to gauge the efficiencies the work package will accrue through service improvement, innovation and efficiencies from collaborative working.

This toolkit fits harmoniously with the other products within this theme, including the Local Highway Authorities Collaborative Alliance Toolkit, enabling authorities to maximise potential savings. Implementing the processes described in this toolkit will create direct savings. Use of this toolkit will also save time in establishing shared services. Even those currently in a shared service can derive benefit by refining their current arrangements.

There is an untapped potential within local highway authorities to achieve efficiency savings through shared service arrangements. Evidence from existing shared service arrangements demonstrate significant savings in areas which are not immediately considered as having potential. The adoption of the methodology within this toolkit will help to influence, guide and encourage Local Highway Authorities to reconsider their options for sharing services going forward and the wider ambitions of the programme may allow more direct assistance for early adopters.

# 1. INTRODUCTION

## OVERVIEW

- 1.1 This toolkit is aimed at Local Highway Authorities to help advise on how their services can be delivered more efficiently by sharing services with other authorities.
- 1.2 England has over 187,000 miles of highway, from country lanes to motorways. They are the nation's single biggest transport asset and provide a vital link for individuals, communities and businesses. Local Authorities in England spend approximately £4 billion per annum maintaining the local highway network. Adopting collaborative methods in the approach to this maintenance can only contribute towards delivering the target set by Infrastructure UK of a 15% reduction in costs through more efficient delivery of projects over the next 5 years.
- 1.3 In these testing economic times we need to learn to do things differently, to drive down costs and drive up efficiencies whilst keeping the quality of service for our customers. The sharing of services is a solution and it is not new within local government. Figures from the Local Government Group (2012) show that 219 councils in England are involved in some way in sharing services. However, as will be seen from the results below, within the highways sector it is not yet commonplace.

## SHARED SERVICES IN HIGHWAYS

- 1.4 A highway shared service is defined for the purposes of this toolkit as a grouping of two or more Local Highway Authorities who share the delivery of one or more services.
- 1.5 In compiling this toolkit all 150 English Local Highway Authorities were contacted in a survey undertaken in October 2011, to establish the extent of current sharing of services in the highway sector. The 67 individual responses indicated that currently 44 Local Highway Authorities share 32 separate highway services. This equates to less than 30% of Local Highway Authorities in England sharing services. Because this figure is so low, examples of shared services within the highways sector outside of England have also been used in compiling this toolkit.
- 1.6 The returned survey data indicates that those who do share services can deliver cost savings of up to 15%. This is wholly consistent with case studies of shared services benefits in other public sectors published by the Local Government Association (2010) which recorded cost savings in the range of 11–22%. Case study 1 illustrates the types and degree of savings that can be made.
- 1.7 The findings showed that some authorities are sharing services as a result of local government changes, often because of the establishment of unitary authorities. As a consequence some authorities are operating a shared service through a legacy contract established prior to this reorganisation.



## Case Study 1 – Operational efficiencies

### Savings from shared procurement and delivery – Black Country minor works framework

#### Background

The Black Country Local Metropolitan Borough Councils of Sandwell, Wolverhampton, Dudley and Walsall have a history of working closely together in delivering the Local Transport Plan. Through this relationship they identified the opportunity (ending of existing contracts) for efficiencies through working together in shared procurement.



Minor Works

#### What was done

Over a period of 14 months, with Sandwell Metropolitan Borough Council taking the lead, a minor works collaborative framework was procured in 2010. External support was obtained for both the legal and commercial input into the contract that was equally paid by all the four authorities. Internal work was distributed between the authorities.

The framework was based on a schedule of rates and was procured by Sandwell Metropolitan Borough Council with the other authorities signing a 'joining agreement'. This agreement ensured that the works called off by any authority were directly managed, and the risk was held by that commissioning authority.

The framework consisted of two categories of work: less than £50k and £50k to £500k. Six *contractors* were taken into the framework.

#### What was achieved

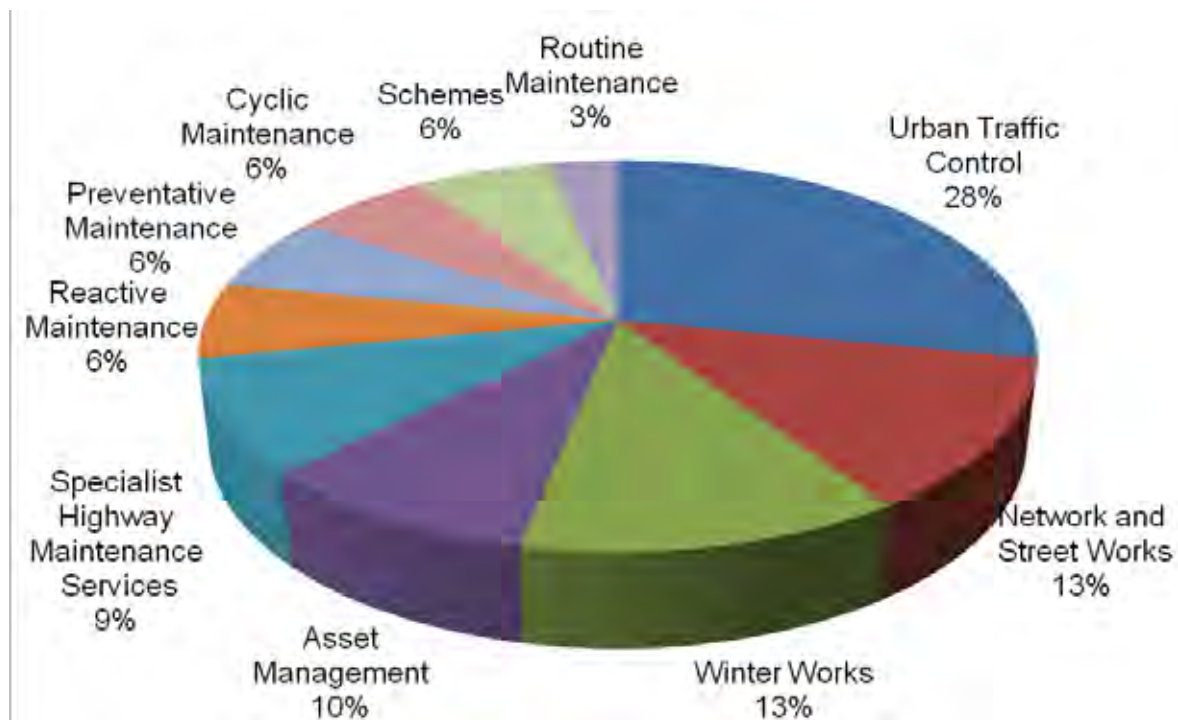
- savings in procurement costs of £300k across all authorities
- savings through better rates generated through economies of scale and guaranteed increased work throughput (£6m) in the order of £720k per annum across all authorities
- greater engagement with the local regional small/medium enterprises
- lessons learnt from operating a collaborative framework.

#### What is planned

- further shared service frameworks for surface dressing, resurfacing and bridge maintenance
- incorporating lessons learnt into new frameworks, for example doing away with the need for a joining agreement by altering the contract.

1.8 Figure 1 illustrates the survey returns in the alternative service deliveries that Local Highway Authorities were sharing in October 2011. The majority of the services shared, if

combined, are front-line operational services, but the largest individual service shared is back office sharing of urban traffic control. The number of different shared services recorded is ten.



**Figure 1: Percentage of the types of services that were recorded as being shared by Local Highway Authorities in the HMEP survey in October 2011**

1.9 The efficiency gains within highway services that can be generated from sharing services are becoming more widely recognised. In their National Roads Maintenance Review (2012), Transport Scotland recommended the exploring and sharing of services by road authorities in value driven collaboration.

## USING THE TOOLKIT

1.10 This toolkit does not suggest that there is only one methodology for setting up and operating shared services, and it demonstrates, through case studies, the experience of authorities in different fields of shared service delivery.

1.11 From the survey returns and follow-up interviews current shared service delivery in highways can be split into four areas which are not necessarily mutually exclusive:

- operational services – the front-end delivery of services
- back office services – processing and administration
- technical services – design and specialist technical knowledge
- management services – shared management arrangements.

- 1.12 The toolkit takes the reader chronologically through the steps and actions to be considered when setting up and operating shared services. It recognises that the requirements will be different dependent upon whether the service is new or a legacy contract, what service is to be shared and how it will be delivered. It uses case studies to illustrate all the types of areas defined above.
- 1.13 The toolkit advises Local Highway Authorities about setting up, running and improving shared services. It is intended to help, promote and stimulate Local Highway Authorities in considering the alternative shared service delivery options and to recognise that for most the status quo is not a viable option.
- 1.14 A flow diagram is included (Figure 3) that can be used to identify when services should be shared and what decision paths need to be taken for particular circumstances.
- 1.15 The toolkit also seeks to advise authorities who will find themselves in two different situations. For those not already involved in a shared service, Section 3 onwards offers guidance on setting up and operating such services. For those that are already sharing services, Section 4 advises on business improvement.
- 1.16 The appendices offer a good range of resources to help ease the workload associated with setting up and running shared services. These can be used as a training and template resource. Microsoft Powerpoint slides are included (Appendix A) that offer an overview on all aspects of shared services, the drivers and the benefits that are generated. These are aimed at three distinct audiences: Council Elected Members, Senior Officers and Officers.
- 1.17 An important factor in the successful development of a shared service is that the people involved are fully committed and focused on the objectives for sharing services. This is investigated in Section 4.
- 1.18 In order to fully realise the benefits of this toolkit it is essential to understand its interdependency with other HMEP products. These are available from the Department for Transport website and include:
- **Procurement Route Choices for Highway Maintenance Services** identifies the procurement route choices available for highway maintenance services on a web-based system, identifying advantages and disadvantages of each option with case studies/examples
  - **Local Highway Authorities Collaborative Alliance Toolkit** explains the setting up and operation of an alliance arrangement between local authorities with consideration of sustainable funding, legal arrangements, processes, governance and communications

- **Suite of Documents to Procure Highway Maintenance Services** includes a standard prequalification questionnaire, instructions for tendering, specification, standard details and conditions of contract with notes and guidance on how to use the documents to procure highway maintenance services.
- **LEAN Toolkit for Highway Maintenance Services** includes the LEAN methodology and evidenced case studies for LEAN applications in the highway sector. It is applicable for either the whole end to end service or for particular areas, processes or work practices. It identifies how to implement LEAN methods to generate efficiencies by cutting out redundant processes and practices.

1.19 In summary, this toolkit captures experiences from existing shared services, turns them into practical advice and hopefully provides encouragement for those about to start this very beneficial undertaking. The route map through the toolkit is shown in the shared service cycle diagram in Figure 2 below.

### HOW WILL THE TOOLKIT HELP YOU DELIVER MORE EFFICIENT SERVICES?

1.20 Using this toolkit will produce direct savings by reducing the set-up time and providing an insight into operating the shared service more efficiently. This toolkit indicates how to:

- identify the potential drivers for entering into a shared service by looking at the business imperatives and how they have been applied in other organisations
- develop a business case, including information on the costs and other factors that make a successful shared service possible
- undertake the political processes for Executive approval
- establish a shared service under good practice principles by describing current approaches to set-up and management through good leadership, governance, common aims and objectives
- operate a shared service successfully by identifying techniques to gauge the effectiveness of the alliance, identifying new opportunities, undertaking reviews and training of staff
- record and promote the benefits to internal and external stakeholders.

### WHAT ARE THE ANTICIPATED BENEFITS OF USING THIS TOOLKIT?

1.21 This toolkit advises Local Highway Authorities about setting up and running shared services. This toolkit captures the knowledge of authorities who deliver shared services and will generate benefits that include:

- reduced start-up costs
- shortened time to establish collaborative working arrangements
- improved performance in existing shared services.

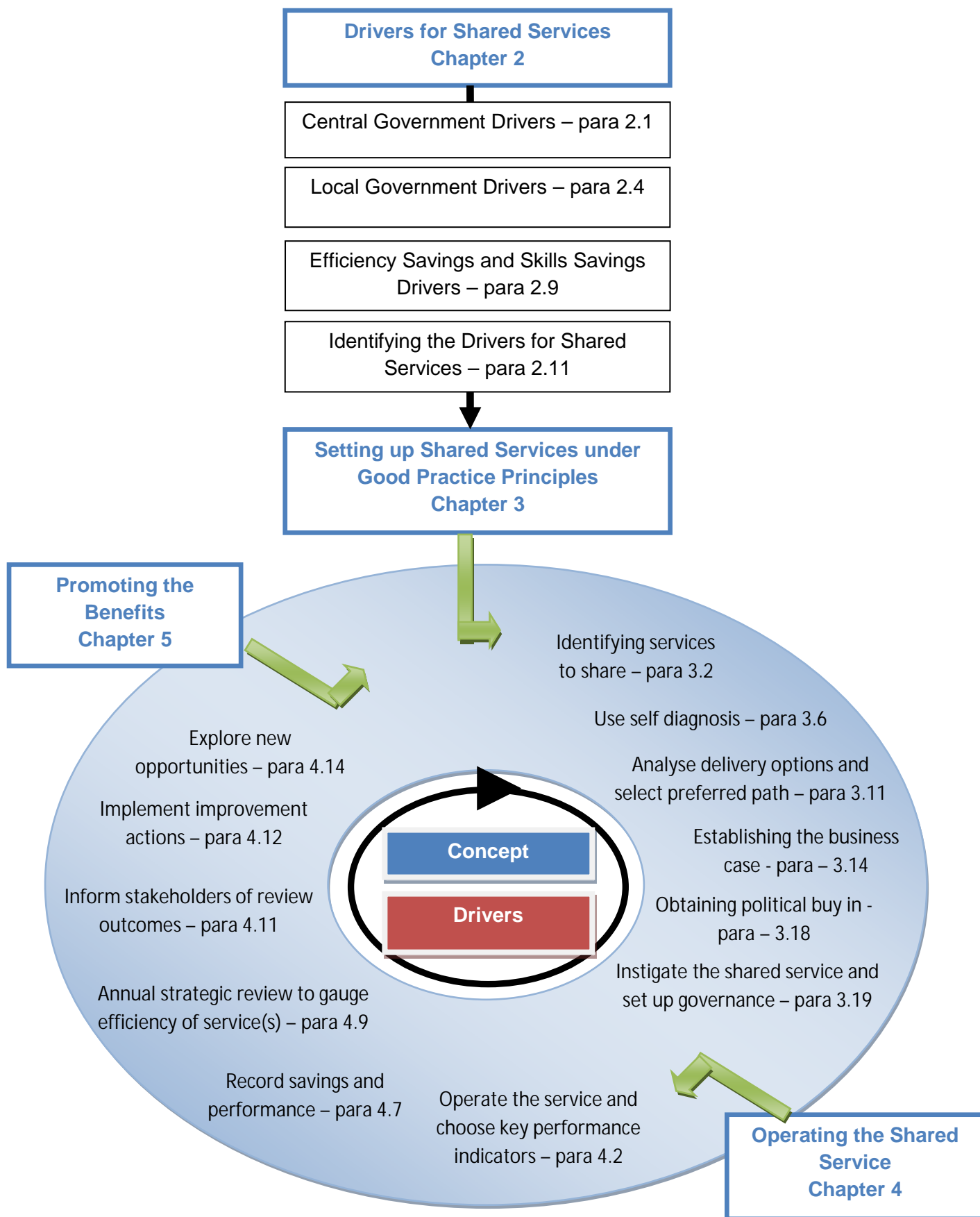


Figure 2: The shared service cycle



## COMMENT AND FEEDBACK

1.22 The HMEP Programme Board would welcome any comments and feedback on this toolkit so that it may be reviewed, improved and refined to give the sector the best advice possible. To make a comment, please email them at [highwayefficiency@dft.gsi.gov.uk](mailto:highwayefficiency@dft.gsi.gov.uk) with the header 'Feedback on the Shared Services Toolkit'.

## 2. DRIVERS FOR SHARED SERVICES

### CENTRAL GOVERNMENT DRIVERS

- 2.1 Central Government, through the Department for Transport, wishes to encourage greater efficiencies in Local Government service delivery. Indeed, this is the Department for Transport's main reason for initiating HMEP. Participating in alliances and demonstrating efficiencies and cost-effective delivery will increase the prospect of individual authorities gaining financial support from Central Government.
- 2.2 Infrastructure UK published its Infrastructure Cost Review in December 2010. This identified that there is an opportunity to make efficiency savings of at least 15%, amounting to some £2–3bn per annum in the delivery of infrastructure projects, principally from civil engineering works. This was reemphasised by the Government when it published the National Infrastructure Plan in November 2011. Her Majesty's Treasury-led plan seeks reduced costs of delivering highway maintenance services, giving predicted savings of £20–30bn over the next decade.
- 2.3 Ministers, as a consequence, have made it clear that they need to be convinced that authorities are striving to improve both efficiency and delivery timescales through working collaboratively, cutting out duplication and using standard contracts and specifications.

*“There needs to be more sharing of services and management teams. There are not enough shared services.”*

*Eric Pickles DCLG Secretary of State*

### LOCAL GOVERNMENT DRIVERS

- 2.4 Localism is an important part of the current Government's strategic thinking. Local politicians want to be assured that their local highways service delivery is as efficient and effective as possible. Furthermore, given shrinking budgets, they will want to be convinced that as much expenditure as possible is being directed towards front-line services. Collaboration between authorities in sharing services does not mean loss of sovereignty. Sharing services saves money, because it:
- reduces duplication, e.g. two authorities separately procuring similar services
  - lowers costs because the volume of work commissioned under one contract goes up
  - shortens delivery timescales for work-streams through jointly procured contracts
  - helps develop good practices.
- 2.5 Staff of the member authorities should recognise that discussion with each other helps bridge knowledge gaps and generates confidence that the shared activities are being tackled appropriately. Whilst political processes, beliefs and opinions may vary from one

local authority to another, the fundamental need to maintain and improve the public highway is constant.

- 2.6 Survey returns in October 2011 indicated that of the 32 shared services, seven were legacy contracts. That is, the contract was in place prior to a split of the original authority into unitaries, through local government reorganisation. The contract was kept and operated as a shared service by the two new authorities who recognised the benefits of a single efficient delivery. These contracts created by expediency have become the building blocks for further sharing of services.
- 2.7 Historical political working relationships between neighbouring authorities act as a driver to recognising the benefits and setting up shared services. This is especially apparent in the regional unitaries such as those in the north-east of England and in the metropolitan boroughs, such as across Manchester. This is aptly illustrated in case study 2.
- 2.8 Last, but certainly not least, joint working should improve service delivery or at least sustain service delivery in a time of shrinking budgets and so the services to customers/road users should be sustained or improved.

### Case Study 2 – Operational Efficiencies

#### Tayside Contracts, shared delivery

##### Background

Tayside Contracts is the commercial trading arm of the Councils of Angus, Dundee City and Perth and Kinross. It commenced trading in 1996 following the local reorganisation when it was formed as a Joint Committee under the Local Government (Scottish) Act of 1973. It operates as a shared service provider to the three new unitary councils.



Winter Works

The construction division of Tayside Contracts delivers a wide range of road maintenance services including routine and cyclic, winter service, street lighting and surfacing and surface dressing.

##### What was done

All three councils entered into a single Minute of Agreement with Tayside Contracts. Value for Money was ensured by allowing only up to 70% of an individual council's work to be procured through Tayside; the remainder is tendered through the private sector, and rates and value are assessed annually. Tayside Contracts is set up to keep delivery resources up to date and to return efficiency savings to the three authorities.

The shareholding of the Joint Committee is by all three authorities and is divided by ratio of turnover. There are 18 elected members.

**What was achieved**

- Since 1996 Tayside Contracts has with an annual overall turnover of £66m:
  - invested £26.5m in delivery resources
  - returned £15.5m to the shareholders through efficiencies and economies of scale.
- Delivery has been through a single efficient management structure
- Common processes and procedures have been introduced
- Local small/medium enterprises have been retained and encouraged.

**What is planned**

- the formation of a common specification to generate further savings
- strengthening of the partnering ethos to eradicate waste in supervisory roles.

**EFFICIENCY SAVINGS AND SKILLS SHARING DRIVERS**

2.9 The data collected in the national survey and the follow-up interviews has proved that the sharing of services has generated efficiencies and consequent savings. Examples of these savings are illustrated in the case studies within this toolkit.

2.10 Sharing services provides the opportunity for retaining skilled resource through sharing it with other authorities. The importance of this statement must not be disregarded if the public highway sector is to retain the ability to efficiently deliver works.

**IDENTIFYING THE DRIVERS FOR SHARED SERVICES**

2.11 Some key questions that authorities should be asking themselves in relation to sharing services are given in Table 1. If the answer to *any* of these is Yes for a particular service then an authority should be investigating options to share the service with other authorities and should be using this toolkit.

Ref	Question	Response
1	Do the public/users expect the service to be seamless across authority boundaries?	Yes/No
2	Does the authority's cabinet wish to see more cooperation with neighbouring authorities?	Yes/No
3	Are there operational benefits from delivering a seamless service across authority boundaries?	Yes/No
4	Is this a specialist service that will not be sustained unless other authorities use it?	Yes/No
5	Is your authority lacking a specialist skill which is difficult/expensive to 'buy in'?	Yes/No
6	Is it likely that better value will be obtained if the service carries out a higher volume of work, with lower overheads?	Yes/No

Ref	Question	Response
7	Does my direct service organisation need to increase its order book to ensure that it has a sustainable future?	Yes/No
8	Is sharing a service likely to allow skilled staff to be retained also saving on redundancy costs?	Yes/No
9	Is collaborative action on this service, through a highway alliance, unlikely?	Yes/No

**Table 1: Drivers to investigating the potential of sharing services**

2.12 Case study 3 is a typical example of a shared service that provides a seamless service across boundaries.

**Case Study 3 – Savings from Operational and Technical Sharing**

**Newcastle City and Middlesbrough councils – traffic signal services**

**Background**

In Tyne and Wear and in the Tees Valley areas, joint working has long been an established principle through the delivery of the Local Transport Plans. Newcastle City Council already operates subregional shared services in traffic signals with Tyne and Wear, Northumberland County Council, Durham County Council and Darlington Council. Middlesbrough Council operates similarly with Hartlepool Council, Stockton on Tees Council and Redcar and Cleveland Council.



**Signal Maintenance**

This partnership between Newcastle City and Middlesbrough Councils was the next logical step for the coordination and sharing of traffic signals across the north-east.

**What was done**

In 2011 Newcastle City and Middlesbrough Councils set up a partnership agreement for a minimum of 5 years and thereafter from year to year until either party terminates. The service provisions include:

- Newcastle City Council to provide traffic signal design, installation and technical support
- Middlesbrough Council to provide traffic signal maintenance and UTC services.

Payments for operational services are through a schedule of rates, and professional design services are through a fixed percentage fee of the installation costs and contract supervision.



### **What was achieved**

- better coordination of traffic signal teams across the north-east
- efficiencies in service operations through joint procurement and integration of systems and practices:
  - learning from Middlesbrough Council with first-class urban traffic control systems
  - single partnership procurement with a supplier for equipment
  - internal trainers and training facility available to up-skill partners in joint training

### **What is planned**

- more integrated traffic control through the region
- development of integrated regional incident planning

## 3. SETTING UP SHARED SERVICES UNDER GOOD PRACTICE PRINCIPLES

3.1 The shared service cycle, depicted in Figure 2, summarises the steps required to set up and operate a shared service. This is described in detail here and in Section 4.

### IDENTIFYING SERVICES TO SHARE

3.2 Most, if not all, highway services can be shared between authorities. Examples of highway services are listed below, and although it is a fairly comprehensive list, it is by no means exhaustive. The list is grouped under the four headings identified in Section 1.

#### **Operational services – the front-end delivery of services**

- cyclic maintenance – grass cutting, hedge cutting, tree cutting, maintenance of public rights of way, verge maintenance, gully cleansing and jetting, street cleansing, sign cleaning
- network and street-works management
- preventative maintenance – surface dressing, slurry sealing, specialist surfacing, large-scale patching
- reactive maintenance – emergency gangs, defined specialist repairs, traffic signals, safety barriers
- routine maintenance – category 2–4 defects and safety inspections, small repair works, road marking and studs
- specialist highway maintenance
- winter maintenance – precautionary salting, snow clearance, specific location treatment (e.g. shopping centres), salt stock management
- schemes procurement – carriageway resurfacing, footway resurfacing, carriageway structural repairs, street lighting schemes, improvement schemes.

#### **Back office services – processing and administration**

- back office services – call centre, insurance claims, civil parking enforcement and road opening notices.

#### **Technical services – design and specialist technical knowledge**

- urban traffic control
- weather forecasting
- other professional services – bridge management, transport planning, scheme design
- asset management.

### Management services – shared management arrangements

- management resources
- procurement.

3.3 The above list contains a mix of activities that, in operation, do not always need the same set-up requirements. Although categorised into the four main areas for ease of identification, these areas do not have to be mutually exclusive. An example of a mix of shared service delivery is identified in case study 4.

#### Case Study 4 – Operational, Technical and Management Efficiencies

##### Central Wales Infrastructure Collaboration

##### Background

Ceredigion County Council and Powys County Council share services through the Central Wales Infrastructure Collaboration.

Both Ceredigion and Powys County Councils are authorities in a very rural environment with no more than 10,000 people in any one place.

##### What was done

The collaboration started with a Price Waterhouse options review in 2008 on collaboration between three County Councils: Gwynedd, Ceredigion and Powys. Various models were considered including externalisation and outsourcing. A wholly public model was chosen, at which point Gwynedd County Council pulled out. The private sector model was thought to be too expensive.

The original drivers were to provide integrity of the service and a more resilient service and to overcome the difficulty in recruiting staff. Latterly it has been a means of saving money.

##### What was achieved

The two authorities share the following services. These are predominately technical services:

- passenger transport management
- street-works management
- design consultancy for engineering
- shared procurement in frameworks
- sharing of design professionals.

They also have a single quality management system with a single accreditation and a single time-sheet system.

In 2011, this saved £250k and they are targeting £350k for 2012.

##### What is planned

They aim to consolidate the services that they share and extend the range of shared services.



Transport Management

3.4 The main reasons for authorities entering into or maintaining existing sharing services are:

- legacy contracts – a previous authority has procured a service and this authority has now been replaced by two or more authorities as a consequence of local government changes. The new authorities are then sharing a service at least until the contract runs out. The key activity should therefore be business improvement
- authorities are all delivering the activity but want to make savings and/or improve the service delivery by having a shared service
- authorities want to achieve a seamless service for the public/stakeholder
- some authorities want to fill a skills gap that another authority can supply
- authorities need to fulfil a political imperative
- authorities want to sustain a specific skill/service in the face of a dwindling workload
- an authority wants to sustain/develop a direct service organisation and so needs to increase its order book
- authorities want to sustain and develop their technical services capability.

3.5 For a legacy contract or arrangement the issue to be addressed is how to deliver business improvement. This is dealt with in Section 4. For all the other circumstances, a business case needs to be established that describes the options for delivering the service, value for money tests that should be applied, and the formal arrangements that need to be put in place between the various parties involved.

## USE SELF-DIAGNOSIS

3.6 Self-diagnosis should start with consideration of Table 1, as this will identify the overarching need(s) that will drive any sharing. Exploration of potential services to share should take place, assuming that there is no existing collaborative alliance to meet the identified needs. It is also important to take into account, and be informed by, the shared services currently being operated.

3.7 Authorities should examine current services under two main questions:

- where can we improve efficiencies and generate savings?
- what is our situation with resources and skills?

They should identify any skills gaps, any services that others would benefit from, and any external provider arrangements that are coming to an end and that might benefit from an inter-authority procurement process. In addition, authorities should look at cross-boundary service issues and assess the potential for improvement if sharing took place. This process is detailed in Figure 3. However, each authority must approach this process with honesty, and they should run a skills, weaknesses and needs analysis, in tandem.

3.8 Meetings held between neighbouring authorities present ideal forums to raise the potential for sharing services and encouraging authorities to research and analyse these opportunities. This is an important step in the self-diagnostic tool and authorities should ensure they are aware of all formal and non formal inter-authority meetings.

3.9 For authorities that have not previously shared services it is sensible to start with one initiative that can be built upon to develop confidence for further sharing. If a mature, cooperative relationship already exists between authorities from previous collaboration, new sharing on several fronts could be practicable.

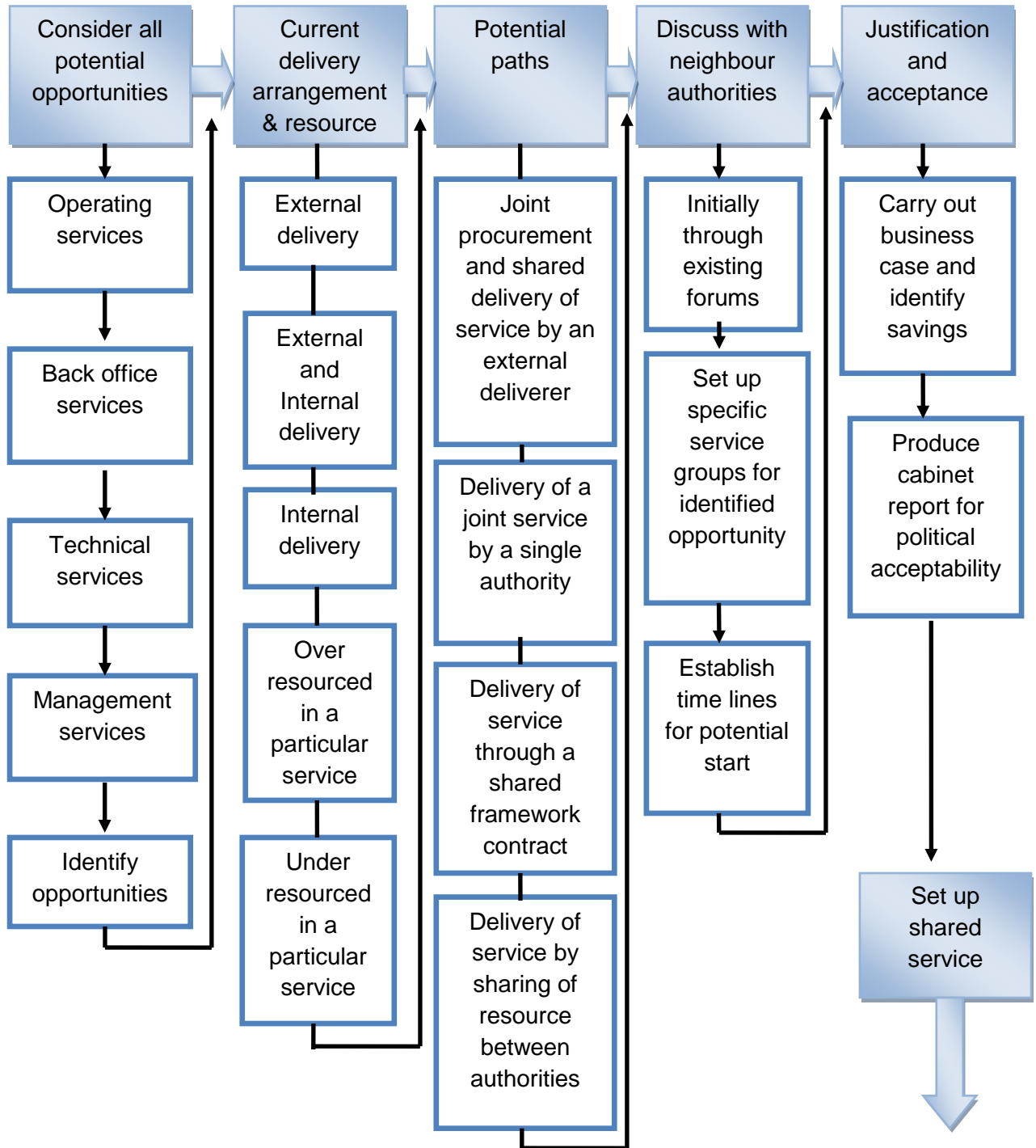


Figure 3: Sharing services – diagnostic routes



3.10 An example of a resource-driven shared service is given in case study 5.

### Case Study 5 – Management Services

#### London Tri-borough initiative

##### Background

Tri-borough is an initiative between the three London boroughs of Hammersmith and Fulham, Kensington and Chelsea and the City of Westminster. It was founded in October 2011 out of the acute financial pressures facing local government.

In February 2011 the chief executives of the three councils published ***Bold Ideas for Challenging Times*** which set out how to deliver an improved service and value for money across all their delivery sectors. The report set out a detailed plan to share services, combine back office and management costs, and save £33.4m.



##### What was done

The sharing is currently bi-borough between Hammersmith and Fulham and Kensington and Chelsea. These two authorities share a chief executive and a single management structure down to group manager level.

Installation of live camera feeds in the separate offices to allow video conferencing, reduces travelling costs and time. This has been reinforced by the introduction of allocated office space in each authority for use by the other, hot desking and home working.

Each authority retains individual budgets, and savings are apportioned on the number of staff working on a service activity from each borough.

##### What was achieved

The initial saving has been through a 50% saving in senior management with the 62 middle and senior management posts across children's services, adult social care and libraries being reduced to 34. This has generated a year-on-year saving of £1.5m.

In the highway sector, the savings are still in their first year and yet to be quantified but they will be from:

- joint staff down to group manager level
- mobile working for inspectors
- shared resources, e.g. a single flood risk manager
- shared inspectors
- common access to all documents through sharepoint.
- increase in officer flexibility of working.

Other benefits include:

- a single common governance under an inter-authority agreement with both authorities maintaining their own sovereignty with separate councils and Members
- skill transfer between authorities.

### What is planned

- The initiative is only part way through the process, and service reviews of the processes are currently underway
- The aim is full integration into the tri-borough with the City of Westminster.

## ANALYSE DELIVERY OPTIONS AND SELECT PREFERRED PATH

3.11 So far, the field of services that can be shared, the reasons for sharing them and a diagnostic tool for identifying the opportunities have been identified. Once a shared service has been selected and the participating authorities identified then the decision needs to be taken as to:

- (a) how the arrangement will be delivered
- (b) how it will be governed and
- (c) the sharing of costs.

The principles for this need to be agreed so as to inform the business case, but finalisation of these matters can happen after each sharing authority has completed its business case.

3.12 Authorities sharing in-house services need a service-level agreement. An example is attached within Appendices B and C. Typically a service-level agreement should cover:

- (a) what services are being provided and their cost
- (b) who owns the delivery of services
- (c) how performance is to be monitored and
- (d) how continuous improvement will be achieved.

Typical headings in the agreement will be:

- purpose and objectives
- main parties, roles and responsibilities, including conflict resolution
- duration of the agreement
- availability of services
- review and monitoring arrangements, including change procedures
- statement of services – clearly set out, concise and in a format which can be reviewed and updated easily
- performance measures for service delivery
- charging mechanism

Case study 6 is an example of in-house sharing of services.

3.13 For an external shared provision there will be a procurement process to manage, a contract to be prepared and a memorandum of understanding to be produced. Typically a memorandum of understanding as in Appendix D should describe how the authorities will work together and what they are seeking to achieve. Likely main headings in the memorandum of understanding will be:

- principles and objectives of the memorandum of understanding

- definition of terms
- shared working arrangements/responsibilities
- monitoring arrangements
- financial arrangements
- amendments to the memorandum of understanding
- term of agreement
- renewal of agreement
- confidentiality
- legal effect of agreement
- new signatories

The memorandum of understanding will be signed by all participating authorities and provision should be allowed for other authorities to join in the future.

### ESTABLISHING THE BUSINESS CASE

3.14 It is essential that a business case is produced in order to determine the viability and likely value for money of a shared service. It also sets an immediate benchmark against which the operation of the service can be reviewed. An example of a business case is attached in Appendix E.

#### Case Study 6 – Back Office Efficiencies

##### Savings from back office process sharing – Nottinghamshire County Council – parking enforcement

##### Background

In 2007, Nottinghamshire County Council invested in state-of-the-art software for their central processing unit for parking enforcement. In 2008, the seven districts came on board to share their parking enforcement processing through Nottinghamshire County Council. The opportunity for further sharing was established through existing parking officer liaison between Derbyshire and Nottinghamshire County Councils. Later in 2008, after a feasibility study, Derbyshire County Council chose to share services and processed their enforcements through Nottinghamshire County Council.

##### What was done

Agreements delegating powers to Nottinghamshire County Council were drawn up for the districts and Derbyshire for a 7 year period. The functions delegated included:

- the provision of management systems for processing penalty charge notices
- the processing of challenges and appeals against penalty charges
- receipt of payments and income arising from penalty charges
- the provision of a system for reporting penalty charge and accounts information.



Traffic Enforcement

Nottinghamshire County Council operates the processing unit on a non-profit basis, collecting the monies due and paying out to the sharing authorities monthly with a final year-end reconciliation.

**What was achieved**

- savings through economies of scale for all partners and a single overhead, which reduced the cost for a single ticket process by £0.50, giving a saving of £45k per annum
- efficiencies in processing offsetting the pay grade increases in staff costs
- consistency of approach for the customers across the region.

**What is planned**

- the extension of the processing shared service to Lincolnshire County Council, which will again reduce the cost of a single ticket process to all partners.

3.15 The extent of the business case is determined by the scale of the task being undertaken. In principle, all of the key points discussed below need some coverage in the business case. It also needs to be clear for whom the business case is being drawn up. For example, the case for the authority providing the in-house service will be different from that for the authority using the service.

3.16 The business case needs the approval and commitment to the shared service from senior management. In order to achieve this it should contain the following:

- **Strategy:**
  - what is the shared service?
  - why is it required? e.g. contracts nearing their end and similar, neighbouring or other authorities’ contracts ending
  - how will it contribute to the business and what are the set-up costs or time commitments required?
- **Objectives:**
  - why is the shared service required?
  - what are the benefits of the shared service?
  - how will the shared service’s success be measured?
- **Options appraisal:**
  - high-level cost/benefit analysis of at least three options for meeting the business need, e.g. in-house, single authority procuring externally or two or more authorities collaborating to procure externally.
- **Commercial aspects:**
  - proposed shared service options, sourcing option with rationale for its selection
  - key features of proposed commercial arrangements, e.g. contract terms, contract length, payment mechanisms and performance incentives.

- **Affordability:**
  - are the participating authorities willing and able to contribute to the running of the shared service financially and by providing officer time?
  - estimates of the projected whole-life cost of the shared service, including other costs, e.g. overheads
  - calculation of return on investment.
  
- **Achievability:**
  - high-level plan for achieving the desired outcome(s), with key milestones and dependencies
  - outline contingency plans, e.g. addressing failure to deliver service on time
  - risks of committing to a shared service identified and mitigation action, e.g. addressing redundancy issues
  - If the shared service is being procured externally it will need to be reviewed when the tender process has been completed as only then will the true costs of the service be understood.

The magnitude of the shared service undertaken in case study 7 indicates the importance of developing a business case.

### Case Study 7 – Operational Efficiencies

#### Leicestershire County and Leicester City Council – park-and-ride schemes

##### Background

Through a joint city and county initiative, the projects for construction of park-and-ride sites and the operation of the site and the bus service were developed. The objective to construct and operate three park-and-ride sites along the new Leicester western bypass was to provide better access into the city and reduce congestion. The sites were to be constructed in the county to provide benefits to the city.

##### What was done

An early bid for funding to construct the three sites was submitted to Government in 2003 but was rejected. The sites were then considered on an individual basis. The first site at Enderby was developed and constructed in 2009 using County and City Local Transport Planning money. A business case for the second site, Birstall, was submitted in 2008 and funding approved. The site was completed in 2011.

The sites are controlled through a Management Partnering Agreement and a Development Agreement between the city and the county. The County Council own the sites and operate the bus services whilst the City Council operate and maintain the sites.

The governance used comprises both parties and governs in appropriate different forms, during both the construction and the operating phase.



Park and Ride

**What was achieved**

- quantified benefits for the Birstall project projected over 60 years including:
  - a present value of benefits (efficiencies) of £44m
  - a present value of costs (funding) of £24.5m
  - the above two figures generate a benefit-to-cost ratio of 1.79 (Department of Transport guidelines equate this ratio as ‘medium’)
- public transport and city centre integration
- noise reduction
- journey reliability
- modal shift and additional bus patronage.

**What is planned**

- The operation of the site and the facility will be monitored and the results reported to the project board.

**RISK ASSESSMENT**

3.17 The following table illustrates common risks and mitigations that should be considered when compiling the business case.

Ref	Event/Description	Likelihood	Consequence	Combined	Actions to Manage/ Mitigate the Risk	Managed By
<b>Setting up a shared service</b>						
1	Failure to define a sharing opportunity	M	H	M/H	The diagnostics in this toolkit will support the authorities in this process	
2	Failure to promote the benefits to other potential authority sharers	M	H	M/H	The case studies in this toolkit provide examples of the benefits and savings being achieved	
3	Insufficient skills and experience to set up the shared service	M	H	M/H	Use of this toolkit and liaison with existing authorities currently sharing; external support if required	
4	More authorities wish to participate after the Official Journal of the European Union notice has been issued	L	M	L/M	Keep the notice broad to include potential participating authorities	



Ref	Event/Description	Likelihood	Consequence	Combined	Actions to Manage/ Mitigate the Risk	Managed By
5	Programme delay	M	L	M/L	Lead authority to project manage programme; challenges as identified in this toolkit to be addressed early in programme	
6	Diverse aims of sharing authorities	M	M	M/M	Having common aims other than a single one of driving efficiencies is not a requirement for a successful shared service; often the aims of the partners are diametrically opposite, e.g. a requirement for skills and a surfeit of skills	
7	Lack of resource/funding	L	M	L/M	Business cases to choose appropriate cost/value shared service projects and benefit realisation	

**Table 2: Risk analysis for compiling the business case**

## OBTAINING POLITICAL BUY-IN

3.18 Once the business case is developed for each identified opportunity and the most viable case identified then Member approval may be required. In most cases this will consist of a cabinet report. An example of a cabinet report is attached as Appendix F. It is good practice to keep Members informed throughout the whole process and emphasise the benefits to be accrued whilst reinforcing the fact that no loss of sovereignty or identity is necessary to deliver shared services.

## INSTIGATE THE SHARED SERVICE AND SET-UP GOVERNANCE

3.19 Instigating the shared service will have associated costs. These will be higher if external procurement is involved because there will be a formal tender process involving specifications of works, a contract and tender evaluation.

3.20 Interviews with authorities have indicated varying costs in setting up a shared service. Table 3 gives examples of these costs and set-up times for both internal and external delivery. These costs should not be taken as definitive because the circumstances for setting up a new shared service will vary for different areas of service. The costs incurred will depend on many factors, such as the size and complexity of the service contract and the time devoted to the procurement by the participating authorities.

- 3.21 Those authorities interviewed stated that they have found that external funding for setting up shared services is almost non-existent. It is thought unlikely that funding sources would be available from Central Government in the future. The costs of setting up the shared service(s) will, therefore, have to be borne by authorities.
- 3.22 These costs could be by one-off payments from sharing authorities, or could be collected in the fees charged for services. Another option currently gaining favour is the invest to save option, where the original investment is repaid from the generated savings. The need to share costs and the means of sharing them will need to be part of any agreement. Funds should also be accrued to help finance re-procurement, if required.
- 3.23 Following this toolkit will reduce upfront investment and time as authorities will no longer have to develop their methodologies from first principles. The business case established for developing this toolkit indicates an expected saving of 11% on costs for setting up a shared service.

### TYPES OF CONTRACTS

- 3.24 The New Engineering Contract version 3 (NEC3) suite of contracts are most commonly used by authorities to externally procure shared services of high revenue and long contract duration. These encourage collaboration and allow incentivisation through performance indicators to be built into the contract, both of which are essential if continuous improvement is to be achieved.
- 3.25 For services provided in-house a formal contract should not be necessary, but authorities should use a service level agreement.

### LEGAL ISSUES

- 3.26 Any procurement process needs to be checked by experts in European procurement law. Furthermore, any memorandum of understanding or service-level agreement should be checked/advised on by lawyers. If staff are being transferred as part of setting up the shared service(s), then the implications of employment law, and particularly Transfer of Undertakings (Protection of Employment) regulations (TUPE), should be checked.
- 3.27 The authorities interviewed did not indicate any difficult legal issues that they had to resolve. Authorities use Section 101 of the Local Government Act 1972 to delegate responsibilities to other sharing authorities. However, in one instance of multi-authority sharing, the actual process of agreeing and getting the agreements signed by each authority's legal department took 18 months.

## SET-UP GOVERNANCE

3.28 Authorities need to consider carefully the appropriate levels of governance for both the setting up process and the operation of a shared service; the extent of governance will depend on the size of the service(s) to be shared. Table 3 offers some guidance on the scale of governance structure. This is only meant as a guide. The extent of current sharing means that its content can only be taken as a suggestion to be refined with experience rather than recommendations founded on best practice.

Extent of sharing	Working group	Officer steering group	Directors' involvement	Chief Executives' and Lead Cabinet Members' involvement
£50k p.a. or one service	Yes	No	Awareness through briefing	Outcomes briefing
£500k p.a. or five services	Yes	Yes	Awareness through briefing	Outcomes briefing
£1m p.a. or ten services	Several	Yes	Awareness through briefings and discussions at Director inter-authority meetings and a Director or Assistant Director chairing steering group	Proposal and outcomes briefings
£2m p.a. or 20 services	Several	Yes, maybe several	Executive Board comprising Directors	Proposals and outcomes briefings and participation in 'events'

**Table 3: Indications of the scale of governance structure required.**

3.29 Findings from the interviews carried out for this report indicated most authorities that have a shared service have a steering group/working group. They also indicated that progress of the set-up of the shared service(s) is on the agenda of Chief Executives' meetings. An example of governance is contained in Appendices B and C which relate to case study 8.

## Case Study 8 – Back Office Efficiencies

### Tyne and Wear urban traffic management control system

#### Background

The highway Metropolitan Councils of Gateshead, Newcastle City, North Tyneside, South Tyneside and Sunderland City, together with Tyne and Wear Passenger Transport Executive, formed a partnership. This partnership, under the auspices of the Transport Innovation Fund, identified the implementation of an urban traffic management control system as the most appropriate means to improve transport efficiencies. It also identified this step as the best use of existing intelligent transport systems by allowing coordinated and proactive management of the whole regional network.



Traffic Management Centre

#### What was done

Information was gathered from all partners on existing system provision. Key questions and issues were identified and answered, leading to the definition of requirement.

Newcastle City, as the lead authority, set up the traffic management control system, based at Newcastle University funded by all partners through the Transport Innovation Fund. From its conception in 2008 through a detailed business case in 2009, the system went live in April 2011 under a collaborative agreement.

Robust governance has been set up and a set of policy manuals produced – See Appendix B.

#### What was achieved

- integration of all partners' intelligent transport systems
- traffic managers of all partners have instant access to the whole of the regional network
- quantifiable savings of £125k per annum through improved efficiencies and economies of scale within the existing partner authority's management operations
- improved journey times within the whole region
- collection of regional data.

#### What is planned

- gauging of efficiencies through journey times etc.
- integrated approach to diminishing journey times on nine identified main corridors through the region
- installation of regionally informed message signs
- data production for developers for greater end-user satisfaction.

3.30 Authorities currently sharing services have indicated in follow-up interviews that there are lessons to be learnt for the set-up phase. These are listed below under four key themes:

- ***Leadership***

Several authorities who share services commented that leadership from Directors, albeit at a strategic level, must be a key initial goal. Also, willing and keen participants with defined roles and responsibilities and clear objectives are crucial to driving and delivering a successful shared services set-up.

It is also important that a lead authority is chosen from the outset to drive the setting-up of each shared service. If the service involves an in-house Provider which is to be used by other authorities then the Service Provider authority needs to lead; however, there should also be a Service User lead to ensure the dual focus of Provider and User. If the *service* is to be procured externally, a single main lead will suffice. This should not mean, however, that the lead authority does the bulk of the work. All aspects of the shared services are a shared responsibility of all the participating authorities. The governance arrangements are, therefore, important to ensure that all parties are participating at the appropriate levels.

- ***Political challenges***

Several shared services had challenges relating to perceived lack of sovereignty and initial draft service level agreements that did not incorporate fully the wishes of the Members. In all cases these were overcome and the necessity for a robust business case was reinforced. These issues do have a direct bearing on set-up times and, if there is potential for these, they must be made transparent through the programme and in the business case.

- ***Defining the sharing authorities and potential sharing authorities***

In externally procured shared services it is imperative that the Official Journal of the European Union notice includes both geographically and monetarily any potential authority joiners. Reasons for indecision can include those sitting back to assess the success, and those whose existing contracts still have time to run.

- ***Defining roles and responsibilities***

There must be no cause for concern that an individual authority's money is being spent without that authority having their roles and responsibilities in place to manage that expenditure.

## 4. OPERATING THE SHARED SERVICE

4.1 Operating a shared service is a cyclic process as indicated in Figure 2. To have momentum it must be seen to be adding benefits. This requires the operating staff to be confident and skilled in what they are doing, efficiency reviews to be undertaken at least annually and the improvement actions from these reviews implemented. It is of the utmost importance that all stakeholders are informed of the outcomes of the reviews and performance improvements. This information transfer leads to the principle of sharing services being accepted as a known benefit and encourages the setting up of further services and a broader approach to what services can be shared. In instances of complex multi-authority shared services there is a benefit of producing a mission statement and guiding principles. Examples of these are contained within Appendix B.

### OPERATE THE SERVICE AND CHOOSE KEY PERFORMANCE INDICATORS

#### **Training**

- 4.2 Training should occur as staff participate in the provision of the services. Learning by doing is the most effective and efficient way of training. From the interviews, it is apparent that knowledge transfer is likely to be more effective where systems training is a requirement of the service and is carried out in-house.
- 4.3 Where a new external provider is contracted to deliver the shared service, training on the management of the contract will be required. Where authorities are sharing management resources and managing staff from both authorities, those managers will require training to operate the processes and procedures of both authorities.
- 4.4 Any training needs to keep some fundamentals in mind, for example those stressed in the British Standard on Collaborative Business Relationships BS 11000-1:2010.

*“There are a number of common themes...which are fundamental to the success of any collaborative venture. These are:*

- *Alignment with business objectives and desired outcomes, both internal and those agreed with external partners;*
- *Agreement, governance and alignment of common operations and activities;*
- *The creation of value and mutual benefits;*
- *Effective integration of appropriate risk management.”*

*BS 11000-1:2010*

#### **Finances**

- 4.5 Efficient management of finances is crucial to the success of shared service delivery. Governance arrangements should deal with how this is to be achieved. These could be



procurement costs or host authority management costs, depending on whether the service is external or internal. If the service is external then it is likely to be time-limited and so finance for re-procurement will need to be factored into the operating costs.

Financial input into the strategic review (see below) is essential and should cover the service to date as well as a future projection.

### ***Choosing the key performance indicators***

4.6 Key performance indicators should reflect the HMEP themes of customer, quality and cost. Whilst some key performance indicators will need to reflect the circumstances and ambitions of the particular shared service not merely a recording of its delivery. The following examples are recommended:

- user satisfaction with the service
- stakeholder satisfaction with the service
- increase in knowledge transfer and training
- commitment from participating authorities by their use of the service
- achieving business plan outcomes – including total savings and non-quantifiable benefits
- effective implementation of an annual improvement plan
- number of additional services shared.

## **RECORD SAVINGS AND PERFORMANCE**

4.7 Commitment to continuous improvement also means a commitment to monitoring performance. Savings and increased efficiency are crucial performance indicators. These need to be auditable and referenced against the business case and assessed on the delivery of value for money.

4.8 Early identification of savings is important, not least because Local Highway Authority politicians and Officers must be convinced of the effectiveness of the shared service delivery. Some debate can be expected about whether quantifiable savings are cashable or just relate to cost avoidance. There will also be some benefits that are not quantifiable as discussed earlier. As soon as possible in the life of the shared service a lead officer and preferably a small working group should be tasked with putting systems in place to identify and log savings. An example of a savings pro forma is attached as Appendix G.

## **ANNUAL STRATEGIC REVIEWS TO GAUGE EFFICIENCY OF SERVICE(S)**

4.9 An annual strategic review is fundamental to delivering the shared service. Importantly this should also deliver enthusiasm and motivation to identify further opportunities for sharing. For this reason it is essential that the outcomes of the review, including the steps for the forthcoming improvement actions, are communicated fully to all stakeholders. It is during

this process that many of the challenges identified in the lessons learnt sections of this toolkit should be acknowledged, and corrective action taken to ensure that the shared service will deliver its goals and objectives.

- 4.10 This review should cover the comparison of actual achievements to those set out in the initial business case and subsequent business plans. It should also review the annual performance to the key indicators. An example of a business plan is given in Appendix C. An outcome of this review must be the improvement actions.

### INFORM STAKEHOLDERS OF REVIEW OUTCOMES

- 4.11 The dissemination of the successes of the service and proposed improvement actions to stakeholders is essential to retain the momentum and buy-in at all levels. It is imperative that the stakeholders are identified and the regularity of reporting and degree of information they require established. This information becomes the basis of the communications plan. The responsibility for operating the communications plan must be assigned. An example of a communications plan is contained in Appendix B.

Promoting the benefits of the shared service is covered in Section 5 of this toolkit.

### IMPLEMENT IMPROVEMENT ACTIONS

- 4.12 The next cyclic step in operating the shared service is to implement the improvement actions. These should be logged with specific tasks allocated to individuals within agreed timelines. The authority and delivery partner should agree actions in a collaborative process not in isolation.

- 4.13 Improvement actions have covered such issues as better workload prediction from all sharing authorities, allowing the deliverer to plan and resource its works more efficiently.

### EXPLORE NEW OPPORTUNITIES

- 4.14 Enthusiasm for the exploration of new opportunities will be fuelled by the success of existing shared services, so it is important that these successes have been communicated. Figure 3 should be revisited to identify future sharing opportunities. Peer discussions with other authorities who currently share services in any of the four main fields – operational, back office, technical and management (such as those identified in this toolkit) – can inform decisions. The HMEP website is also another valuable source of information for the services currently being shared.

- 4.15 Fundamental to continuous improvement and moving towards maturity is the need to identify and add new opportunities. Potential opportunities can take several forms:

- introduction of a new partner authority(s) to the existing shared service

- the instigation of a new shared service with the existing partner(s)
- the instigation of a new shared service with a new partner(s)
- the identification of the potential for greater and more robust regional partnering
- the LEAN review of the existing service – for more information please refer to the Department for Transport publication, LEAN Toolkit, available as part of the HMEP support documentation
- the opportunity for the setting up of a collaborative alliance – for more information please refer to the Department for Transport publication, the Local Highway Authorities Collaborative Alliance Toolkit, available as part of the HMEP support documentation.

### LESSONS LEARNT

4.16 A substantial amount of officer time is required for setting up, maintaining and operating shared services. From those authorities interviewed, maintaining the momentum for a continuously improving shared service is a significant challenge.

4.17 Authorities currently sharing services have indicated in follow-up interviews that there are lessons to be learnt for the operational phase. These are listed below under four key themes.

- ***Lack of commitment from participating authorities***

If the shared service is truly to be successful then all participating authorities must engage in the process.

- ***Overcoming the reluctance for change***

It is often easier not to change practices, and so overcoming this inertia is crucial to a successful shared service. Clear leadership/direction from senior managers (and politicians) and good communication with peers in other authorities are crucial. Identifying enthusiastic proponent(s) from within one or more authorities is also important.

- ***Too much reliance on an individual or lead authority***

Whilst the enthusiastic participation of individuals is likely to be crucial to the success of the shared service, too much reliance on an individual or the lead authority can be detrimental to progress. If the individual no longer participates or the lead authority is unable to sustain its involvement this will negatively affect the service. Therefore, it is important that activities are communicated and work amongst authorities distributed evenly as far as possible.

• **Missed savings and not gauging efficiency**

It is important to be able to demonstrate successes from the implementation of the shared service. This should be related to the business case and reported accordingly. If successes are not monitored and reported, there will be little incentive for sharing further services. It is also important to record innovations; whilst these may not result in savings, they should produce some improvement in the products and services and so should be logged as successes. A copy of an annual review report is attached as Appendix H.

**RISK ASSESSMENT**

4.18 The following table illustrates common risks and mitigations that should be considered.

Ref	Event/Description	Likelihood	Consequence	Combined	Actions to Manage/ Mitigate the Risk	Managed By
<b>Operating a shared service</b>						
1	Reduced commitment from sharing authorities	M	H	M/H	All members need to see early evidence of benefits	
2	Failure of service to validate the business case	M	H	M/H	Robust business case(s) proactively managed and reviewed with improvement action outcomes	
3	Insufficient skills and experience to operate a shared service	M	H	M/H	Use of this toolkit and training; external support if required	
4	Reducing budgets	H	L	H/L	Service to be managed to yearly business plans	
5	Failure to attract contractors for service delivery	L	M	L/M	The choice of service will be supported by the sharing authorities	
6	Levels of trust between sharing authorities	M	M	M/M	Established communications plan and benefits realised	

**Table 4: Risk analysis for operating the shared service**

## 5. PROMOTING THE BENEFITS

- 5.1 It is crucial that the benefits of sharing services are promoted both internally and externally.
- 5.2 It is important that each shared service regularly identifies and then responds to its stakeholders. Once stakeholders have been identified a communications plan should be developed to cover their individual requirement.
- 5.3 The advice presented within this toolkit is free if you wish to use it and the HMEP Programme Board would also like to support the promotion of the benefits of shared services. You are asked to share your benefit information with the Board to encourage further take up by other authorities and to demonstrate the overall success of the HMEP Programme. The methodology for measuring benefits and how to track and monitor them simply is being developed and should be available on the HMEP website in due course.

## 6. SUPPORT FOR IMPLEMENTING THIS TOOLKIT

- 6.1 Whilst this toolkit seeks to help authorities who wish to set-up a successful shared service, it can only be a guide. It is recognised by the HMEP Board, that authorities may need additional help and assistance to adopt the ‘good practice’ evidenced within the toolkit. As part of the HMEP offer to the sector, each authority that takes up the toolkit will be signposted to personnel in similar shared services. The sharing of knowledge and experience in this way will lead to more efficient use of shared services.
- 6.2 The ‘Knowledge Hub’ on the HMEP website will provide a living repository for ‘good practice’, around generating highways efficiencies, enabling authorities to share their experiences. The ‘Knowledge Hub’ will comprise a suite of project descriptions, self-assessment checklists, toolkits, benchmark data, tools, case studies etc. It will also provide a route to other HMEP products that authorities can consider taking up.
- 6.3 In time, a delivery network will be established to support Local Highway Authorities through regional groups and coordination activities. This will help to create a culture of continuous learning and sharing of efficiencies, ideas and practices, bringing together the various stakeholders, their ideas and expertise around highways efficiencies.
- 6.4 To make use of these resources and broker access to experts (Champions) please look on the HMEP website at <http://www.dft.gov.uk/hmep/>
- 6.5 The Programme will also make resource available centrally by giving free access to ‘Advocates’, who are also members of the HMEP Programme Board. The Advocates will engage with regional clusters/key influencers to co-ordinate their activities and seek out ‘good practice Champions’ regionally. The Advocates will broker access to their expertise and share their contact details on the website as part of the HMEP offer. The local Champions will work within their regional cluster to lead on improvement, providing expertise to those that need it. They will support the implementation of their projects locally.
- 6.6 It is recognised that many authorities have gone through extreme change in recent years with many key personnel leaving local government. Some of the smaller authorities may therefore not have the resource required to take up the products offered through the Programme to their fullest advantage. Equally, the opportunity for external regional funding or grant assistance to help establish initiatives such as this has also dwindled. It is recommended that in these instances, the authority contacts the HMEP via the website to ask if any assistance can be offered centrally or whether the authority can share the process with other authorities. Those that are early adopters may also be able to take advantage of more direct assistance from the HMEP.



## 7. ACKNOWLEDGEMENTS

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<b>Andy Warrington</b>	Institution of Civil Engineers
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## 8. CASE STUDIES

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<p><b>Case Study 1</b> – Black Country Minor Works Framework            For further Information contact: Irfan Choudry at Sandwell Council on  <a href="mailto:Irfan_Choudry@sandwell.gov.uk">Irfan_Choudry@sandwell.gov.uk</a></p>	9
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<p>For further details of these case studies please contact in the first instance            HMEP website at <a href="http://www.dft.gov.uk/hmep/">http://www.dft.gov.uk/hmep/</a></p>	

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