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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This report is supported by the following organisations:
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 Highways 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.

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
Introduction

- **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 highwaysefficiency@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.

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**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.

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.

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**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.

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

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

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.
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 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
Setting up Shared Services under Good Practice Principles

- 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.
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.
Setting up Shared Services under Good Practice Principles

- **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.

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**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.
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.

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

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

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.

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.

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

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

The HMEP Programme Board would like to acknowledge the help and support received in preparing this toolkit from those listed below.

HMEP Project Board

Matthew Lugg OBE  
HMEP Advocate. Former President of Association of Directors of Environment, Economy, Planning and Transportation. Director of Environment and Transport, Leicestershire County Council

Anthony Radford-Foley  
Technical Advisory Group

Martin Duffy  
The Chartered Institution of Highways & Transportation

Andy Warrington  
Institution of Civil Engineers

Kevin Melling  
Association for Public Service Excellence

Peter Hyde  
Highways Term Maintenance Association

Noel Foley  
Association for Consultancy and Engineering

Steven Dennis  
Transforming London Highways

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Technical Advisers Group London

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Association of Directors of Environment, Economy, Planning and Transport

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Highways Agency

Gary Thompson  
HMEP Project Manager

Support Consultants

Collaborative Working Centre (CWC)

Joe Dowling  
Project Director

Ian Stuart  
Project Leader

URS Infrastructure and Environment Ltd

John Cole  
Project Manager
8. CASE STUDIES

Case Study 1 – Black Country Minor Works Framework
For further Information contact: Irfan Choudry at Sandwell Council on
Irfan.Choudry@sandwell.gov.uk

Case Study 2 – Highways Maintenance Shared Delivery
For further Information contact: Iain Waddell at Tayside Contracts on
iain.waddell@tayside-contracts.co.uk

Case Study 3 – Traffic Signal Services
For further Information contact: Paul Moore at Newcastle Council on
paul.moore@newcastle.gov.uk

Case Study 4 – Central Wales Infrastructure Collaboration
For further Information contact: David Williams at Powys Council on
davidw5@powys.gov.uk

Case Study 5 – Management Sharing London Boroughs
For further Information contact: Ian Hawthorn at Hammersmith and Fulham on
ian.hawthorn@lbhf.gov.uk

Case Study 6 – Parking Enforcement
For further Information contact: Gareth Johnson at Nottinghamshire County Council on
gareth.johnson@nottscc.gov.uk

Case Study 7 – Shared Park and Ride Scheme
For further Information please contact:

Bernard Evans at Leicestershire County Council on
Bernard.evans@leics.gov.uk

Hans Leatherby at Leicestershire County Council on
Hans.leatherby@leics.gov.uk

Case Study 8 – Tyne and Wear Urban Traffic Management Control System
For further Information contact: Ray King at Newcastle Council on
Ray.King@newcastle.gov.uk

For further details of these case studies please contact in the first instance HMEP website at http://www.dft.gov.uk/hmep/
9. REFERENCES


2 – HMEP - Local Highway Authorities Collaborative Alliance Toolkit. Available at HMEP website at: http://www.dft.gov.uk/hmep/


5 – Infrastructure UK – Infrastructure Cost Review. Available at: http://www.hm-treasury.gov.uk/iuk_cost_review


7 – Mondeo man sets out his road ahead – Municipal journal 11.10.2012

8 – Shared Services – Association for Public Service Excellence. Available at: http://www.apse.org.uk

9 – British Standard BS11000 – Collaborative Business Relationships. Available at: http://www.bsi.gov.uk
A number of documents support this toolkit. These are located on the HMEP website at: http://www.dft.gov.uk/hmep/

Each of these documents is summarised in the following appendices below:

Appendix A – Training Requirements

Appendix B – Tyne and Wear Urban Traffic Management Control System

The following summary documents are included:

- The Collaborative Agreement
- Policy Manual section 1 – Mission and Policy Statement
- Policy Manual section 2 – Policy Overview and Guiding Principles (Includes governance arrangements)
- Policy Manual section 4 – Communications.

Appendix C – Central Wales Infrastructure Collaboration

The following summary documents are included:
Collaborative Agreement
Business Plan for 2012 / 13

Appendix D – Warwickshire County Council and Coventry City Council Shared Service

Memorandum of Understanding.

Appendix E – Urban Traffic Management Control System

The following summary documents are included:
Business Case.

Appendix F – Nottinghamshire and Derbyshire County Council – Shared Parking Enforcement

The following summary documents are included:
Cabinet paper.

Appendix G – Example Savings Pro forma
Appendix H – Management Sharing – London Boroughs

The following summary documents are included:
Annual review: Tri-borough one year on.
APPENDIX A – TRAINING REQUIREMENTS


These Microsoft Powerpoint slides 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 reproduced below:
Appendix A1 - Members

Why You Should be Considering Sharing Services in Highway Delivery

A highway shared service is defined as:

"a grouping of two or more LHA’s who share the delivery of one or more services"

Drivers for Sharing Services

Central Government

The National Infrastructure Plan (Nov 2011) seeks to reduce costs of delivering services giving savings of between £20bn - £30bn over the next decade

"There needs to be more sharing of services and management teams. There are not enough shared services." Eric Pickles DCLG Secretary of State

Drivers for Sharing Services

Local Government

Local politicians want to be assured that their local highways service delivery is as efficient and effective as possible.

Furthermore, given shrinking budgets, you want as much expenditure as possible being directed towards front line services.

Retention of skilled resources is an immediate need.

Sharing services between local highway authorities delivers these goals

Efficiencies

Sharing Services saves money because it:

• Reduces duplication of resources within sharing authorities;
• Lowers costs (because the volume of the shared work is greater than that of the individual sharing authorities and promotes economies of scale);
• Shortens delivery timescales for work-streams through joint procurement;
• Helps develop good practices;
• Transfers knowledge through the sharing of skilled resources.
Appendix A – Training Requirements

Why?

Sharing Services between authorities delivers significant efficiencies of up to 11% of throughput
(Shared Service Toolkit – HMEP January 2013)

“For all benefits there is no loss of sovereignty for the individual authority nor is it a drain on resource”.
Matthew Lugg OBE – HMEP Advocate

Generating the Efficiencies

Shared Services can be grouped into 4 main headings:

- **Operational Services**
  - Cyclic and routine maintenance
  - Network and street-works management
  - Schemes procurement

- **Back office Services**
  - Civil parking enforcement
  - Road opening noticing
  - Call centres

- **Technical Services**
  - Urban traffic control
  - Asset management
  - Scheme design

- **Management Services**
  - Management resource
  - Procurement resource

The Toolkit

The HMEP Shared Service Toolkit - Setting up and operating a shared service for highway services

The toolkit includes:

- step by step actions for the setting up and operating stages;
- case studies of shared services currently operating and their efficiency gains;
- lessons learnt from current shared services.

With the support of this toolkit and with leadership from yourselves the cost and time for setting up a shared service will be considerably reduced and your efficiencies generated.

Supporting HMEP Documents

Thank you for your time and interest

If you would like to discuss any further aspects of forming and operating a shared service please contact:

Matthew Lugg OBE – HMEP Advocate
Former President of Association of Directors of Environment, Economy, Planning and Transportation (ADEPT)
Appendix A – Senior Officers

Why You Should be Considering Sharing Services and Setting up and Operating a Shared Service

A highway shared service is defined as:
“a grouping of two or more LHA’s who share the delivery of one or more services”

Drivers for Sharing Services

Central Government

The National Infrastructure Plan (Nov 2011) seeks to reduce costs of delivering services giving savings of between £20bn - £30bn over the next decade

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

Eric Pickles DCLG Secretary of State

Drivers for Sharing Services

Local Government

Local politicians want to be assured that their local highways service delivery is as efficient and effective as possible.
Furthermore, given shrinking budgets, you want as much expenditure as possible being directed towards front line services.
Retention of skilled resources is an immediate need.
Sharing services between local highway authorities delivers these goals

Efficiencies
Sharing Services saves money because it:
• Reduces duplication of resources within sharing authorities;
• Lowers costs (because the volume of the shared work is greater than that of the individual sharing authorities and promotes economies of scale);
• Shortens delivery timescales for work-streams through joint procurement;
• Helps develop good practices;
• Transfers knowledge through the sharing of skilled resources.
### Appendix A – Training Requirements

#### Why?

Sharing services between authorities delivers significant efficiencies of up to 11% of throughput  
(Shared Services Toolkit – HMEP January 2013)

“For all benefits there is no loss of sovereignty for the individual authority nor is it a drain on resource”.

Matthew Lugg OBE - HMEP Advocate

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#### Why?

If your answer to any of these questions is Yes for a particular service then the opportunity for sharing the service with other authorities should be investigated

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

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

#### Why?

Examples of benefits from current shared service arrangements as detailed in the HMEP Shared Services Toolkit

**Black Country Minor works Framework**

- Savings in procurement costs of £300k
- Savings from combined throughput generating better rates of £720k per annum

**Tayside Contracts** – provision of highway maintenance in three unitary authorities

- Savings from economies of scale and efficiencies at an average of £850k per annum
- Investment over 16 years of £15.5m into delivery resources

**Back office sharing** – parking enforcement

- Savings through economies of scale generating savings for all partners of £45k per annum
- Consistency of customer approach in neighbouring partner authorities

#### How

Shared services can be grouped into 4 main headings:

**Operational Services**

- Cyclic and routine maintenance
- Network and street works management
- Schemes procurement

**Technical Services**

- Road opening noticing
- Call centres

**Back office Services**

- Civil parking enforcement
- Procurement resource

**Management Services**

- Management resource
- Asset management
- Scheme design

#### How

The Toolkit

The HMEP Shared Services Toolkit (January 2013) has been written to assist highway authorities set up and operate a shared service. This will substantially reduce the time and costs required.

The toolkit has been developed through the following actions:

- An initial survey of all English local highway authorities was undertaken in October 2011 by the HMEP to determine what shared services were in existence and how they operated - including their experiences of forming a shared service.
- The toolkit content is drawn from both the survey and experience of good practice drawn together from within the construction sector.
- Current shared services operating were identified and their respective managers interviewed to establish lessons learnt, good practice and to build the case studies used in the toolkit.

The diagram opposite illustrates the steps required for setting up and operating a shared service. Within the toolkit each of these stages is covered in detail and includes case studies and examples whenever possible, from existing shared services as well as identifying potential challenges to overcome and lessons learnt.
Appendix A – Training Requirements

Key Requirements

Interviews with authorities currently sharing services highlight key requirements needed to set up and operate shared services. These have been extracted from lessons learnt and include:

- **Leadership**
  - Momentum and enthusiasm from the top down and identify lead authority from the outset

- **Political challenges**
  - Need to emphasise no loss in sovereignty and the projected efficiency savings from a robust business case

- **Overcoming the resistance for change**
  - Essential for the success of the service

- **Missed savings and not gauging the efficiency of the service**
  - It is important to demonstrate the success of the shared service and to continually look for improvement

This is the key role for the Senior Officers - support and enthusiasm to ensure the successful launch and operation of the shared service.

Thank you for your time and interest

If you would like to discuss any further aspects of forming and operating a shared service please contact:

**Matthew Lugg OBE – HMEP Advocate**

Former President of Association of Directors of Environment, Economy, Planning and Transportation (ADEPT)
Appendix A3 – Officers

Setting up and Operating a Shared Service

A highway shared service is defined as:
"a grouping of two or more LHA's who share the delivery of one or more services"

Drivers for Sharing Services

Central Government
The National Infrastructure Plan (Nov 2011) seeks to reduce costs of delivering services giving savings of between £20bn - £30bn over the next decade

"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
Local politicians want to be assured that their local highways service delivery is as efficient and effective as possible.
Furthermore, given shrinking budgets, you want as much expenditure as possible being directed towards front line services.
Retention of skilled resources is an immediate need.
Sharing services between local highway authorities delivers these goals

Efficiencies
Sharing services saves money because it:
• Reduces duplication (for example, authorities otherwise separately procuring similar services and management);
• Lowers costs (because the volume of work commissioned under one contract goes up so service providers’ costs are more widely spread);
• Shortens delivery timescales for work-streams through joint procurement;
• Helps develop good practices.
Appendix A – Training Requirements

Why?

Sharing services between authorities delivers significant efficiencies of up to 11% of throughput

(Shared Service Toolkit – HMEP January 2013)

“For all benefits there is no loss of sovereignty for the individual authority nor is it a drain on resource”.
Matthew Lugg OBE - Chair of HMEP Project Board

Why?

Main reasons for authorities entering into or maintaining a shared service are:

- Legacy Contracts
- Authorities that are currently delivering the service but want to make savings / improve the service
- Authorities who want to make a seamless service for the public
- Authorities that can fill a skill gap which another authority can fill
- Authorities with a political imperative to safe
- Authorities who wish to retain a specific skill / service in the face of a reducing workload
- Authorities who wish to sustain / develop their in-house capability and require increased throughput

Why?

Examples of benefits from current shared service arrangements as detailed in the HMEP Shared Services Toolkit

Black Country Minor works framework

- Savings in procurement costs of £300k
- Savings from combined throughput generating better rates of £720k per annum

Tayside Contracts – provision of highway/maintenance to three unitary authorities

- Savings from economies of scale and efficiencies at an average of £45k per annum

Back office sharing – parking enforcement

- Savings through economies of scale of £850k per annum
- Consistency of customer approach in neighbouring partner authorities

Why?

If your answer to any of these questions is Yes for a particular service then the opportunity for sharing the service with other authorities should be investigated

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

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

What Service?

Shared services can be grouped into 4 main headings:

1. Operational Services
   - Cyclic and routine maintenance
   - Network and street-works management
   - Schemes procurement
   - Carriageway resurfacing
   - Street lighting schemes
   - Improvement schemes
   - Reactive maintenance
   - Winter maintenance

2. Technical Service
   - Urban traffic control
   - Asset management
   - Scheme design
   - Weather forecasting
   - Bridge management

3. Back office Services
   - Processing and administration
   - Civil parking enforcement
   - Road opening noticing
   - Call centres
   - Insurance claims

4. Management Services
   - Shared management arrangements
   - Management resource
   - Procurement resource
The HMEP Shared Services Toolkit (January 2013) has been written to assist highways authorities set up and operate a shared service. This will substantially reduce the time and costs required.

The toolkit has been developed through the following actions:

• An initial survey of all English local highway authorities was undertaken in October 2011 by the HMEP to determine what shared services were in existence and how they operated – including their experience of forming a shared service;
• The toolkit content is drawn from both the survey and experience of good practice drawn together from within the construction sector;
• Current shared services operating were identified and their respective managers interviewed to establish lessons learnt, good practice and to build the case studies used in the toolkit.

Self-diagnosis

The figure opposite (available in the toolkit) allow an authority to track the decision route and potential outcomes when asking themselves:

Where can we improve efficiencies and generate savings?

and

What is our situation with resources and skills?

The diagram opposite illustrates the steps required for setting up and operating a shared service.

Within the toolkit each of these steps is covered in detail and includes case studies extracted from lessons learnt. These include:

• Setting up a shared service
• Developing the business case

The business case is a fundamental requirement. It acts as a driver for establishing the shared service and offers a benchmark for assessing the opening efficiency.

1. Strategy
2. Objectives
3. Option appraisal
4. Commercial aspects
5. Affordability
6. Achievability

These are covered in detail in the next slides.

Key Requirements

Interviews with authorities currently sharing services highlight key requirements needed to set up and operate shared services. These have been extracted from lessons learnt. These include:

• Leadership – momentum and enthusiasm from the top down and identify lead authority from the outset
• Political challenges – need to emphasise no loss in sovereignty and the projected efficiency savings from a robust business case
• Overcoming the reluctance for change – essential for the success of the service
• Misled savings and not gauging the efficiency of the service – it is important to demonstrate the success of the shared service and to continually look for improvement.
Appendix A – Training Requirements

Setting Up a Shared Service

Developing the Business Case

- Commercial
  - Sourcing options with rationale for their selection
  - Key commercial arrangements (contract terms, contract length, payment mechanism, incentives)

- Affordability
  - Are partnering authorities willing and able to contribute? (money and / or resource time)
  - Estimates of the projected whole life cost of the service (minimum 5 years)
  - Return on investment

- Achievability
  - High level plan for achieving outcomes and milestones
  - Contingency plans and risk analysis

Operating the Shared Service

Key Requirements

- Continuous Improvement and Gauging the Efficiency
  - Establish shared service KPI’s; review annually, at a minimum
  - Implement improvement actions

- Identifying New Opportunities and Objectives
  - Fundamental to continuous improvement through extending scope of existing shared service or introducing new shared service

- Training
  - up-skilling of staff

- Identifying and Recording Savings
  - Commitment to quantifying savings and innovations is paramount

Supporting HMEP Documents

Thank you for your time and interest

If you would like to discuss any further aspects of forming and operating a shared service please contact:

Matthew Lugg OBE – HMEP Advocate
Former President of Association of Directors of Environment, Economy, Planning and Transportation (ADEPT)
APPENDIX B – TYNE AND WEAR URBAN TRAFFIC MANAGEMENT CONTROL SYSTEM

The following summary documents are included:

- The Collaborative Agreement
- Policy Manual section 1 – Mission and Policy Statement
- Policy Manual section 2 – Policy Overview and Guiding Principles (Includes governance arrangements)
- Policy Manual section 4 – Communications

The Collaborative Agreement

Dated 2011

Gateshead Council
The Council of the City of Newcastle upon Tyne
North Tyneside Metropolitan Borough Council
The Council of the Borough of South Tyneside
The Council of the City of Sunderland
and
The Tyne and Wear Passenger Transport Executive

Tyne and Wear Urban Traffic Management Control System

Collaboration Agreement
Contents

Clause
1. Definitions and Interpretation
2. Background
3. Commencement and Duration
4. Membership of the Partnership
5. Partnership Governance
6. General Obligations of Partners
7. Data Use and Sharing
8. Intervention Controls
9. Appeals and Arbitration on Interventions
10. Role of Lead Authority
11. Finance
12. Confidentiality and Publicity
13. Freedom of Information and Data Protection
14. Termination
15. Notices
16. Entire Agreement
17. Variation
18. Force Majeure
19. Severance
20. Costs and Expenses
21. Law and Jurisdiction
22. Counterparts
This Agreement is dated …/…/…. the ………………….day of …………………..2011

Between

1. Gateshead Borough Council, of Civic Centre, Regent Street, Gateshead, Tyne and Wear, NE8 1HH;

2. The Council of the City of Newcastle upon Tyne, of Civic Centre, Barras Bridge, Newcastle Upon Tyne, Tyne and Wear, NE1 8PP;

3. North Tyneside Metropolitan Borough Council, of Quadrant, Silverlink North, Cobalt Business Park, Newcastle Upon Tyne, Tyne and Wear, NE27 0BY;

4. The Council of the Borough of South Tyneside, of Town Hall, Westoe Road, South Shields, Tyne and Wear, NE33 2RL;

5. The Council of the City of Sunderland, of Civic Centre, Burdon Road, Sunderland, Tyne and Wear, SR2 7DN;

6. The Tyne and Wear Passenger Transport Executive (otherwise known as ‘Nexus’), of Nexus House, St James Boulevard, Newcastle upon Tyne, NE1 4AX.

who together are known as “the Partners” and individually as a “Partner.”
1. Definitions and Interpretation

1.1 In this Agreement:

‘Area’ means Tyne and Wear;
‘Chief Executives Group’ means the Tyne and Wear Joint Chief Executives Group comprising the Chief Executives of each of the LA Partners;
‘Commencement Date’ means the 13th day of May 2011;
‘ITS’ means an Intelligent Transport System;
‘LA Partner’ means a Partner who is a local authority;
‘Lead Authority’ means the Council of the City of Newcastle upon Tyne;
‘LTP3’ means the current and third statutory Local Transport Plan for the Area;
‘Network’ means the road network across the Area;
‘Nexus’ means the Tyne and Wear Passenger Transport Executive
‘Partner’ means each person who is party to this Agreement;
‘Project Fund’ means the monies reserved by the Partners to provide revenue funding for the project as described in clause 2.7
‘Strategy Group’ means the joint group of officers established under clause 5.2;
‘Strategy Group Member’ means any member of the Strategy Group as described in clause 5.2;
‘UTMC’ means Urban Traffic Management Control;
‘UTMC Facility’ means the UTMC System and its operating staff and accommodation as described i
‘UTMC System’ means the UTMC common data base and all associated adaptors and other equipment, including the data on it and its integration links with the ITS of each Partner;
‘UTMC Team’ means the project staff described in clause 5.6;
‘UTMC Specialist’ means the person described in clause 5.6;
‘Working Day’ means any day that is not a Saturday, Sunday or public holiday in England and Wales’.
1.2 In this Agreement unless the context otherwise requires:

Clause headings are for ease of reference only and shall not affect the interpretation of this Agreement;

Words in the singular include the plural and vice versa.

A reference to one gender shall include a reference to the other.

A reference to writing or written includes faxes but not email.

2. Background

2.1 The LA Partners are the highway authorities for their respective districts within the Area and Nexus is the passenger transport executive for the Area under the Transport Act 1968;

2.2 The Traffic Management Act 2004 requires each highway authority to ensure the expeditious movement of traffic on its road network as well as the networks of surrounding authorities;

2.3 Work carried out by the Partners under the auspices of the Transport Innovation Fund has identified the implementation of an Urban Traffic Management Control ('UTMC') system as the most appropriate means to deliver improved transport efficiencies and to make better use of existing and future local Intelligent Transport Systems ('ITS') by allowing co-ordinated and proactive management of the whole Network;

2.4 In particular in 2009 a UTMC Project Board appointed by the Partners and comprising their nominated officer representatives commissioned a UTMC Vision Document and Specification which identified the need for a central management facility with a common database to incorporate existing ITS assets deployed throughout the area;

2.5 After undertaking a full EU procurement process the Partners on 27 August 2010 approved the appointment of Mott MacDonald as supplier of a UTMC Common Database and associated adaptors;

2.6 The Partners have also approved accommodation within Newcastle University as the location for the UTMC Facility. The Lead Authority (on behalf of the Partners) took possession of that accommodation on 13 May 2011 with a five year lease from that date;

2.7 The Partners have agreed to allocate the sum of £1.1million (“the Project Fund”) from their Congestion Reduction Reward Funding from the Department of Transport to provide revenue funding for the operation of the UTMC Facility for up to five years;
2.8 The Partners have agreed to appoint the Council of the City of Newcastle upon Tyne as the Lead Authority for the purposes of this joint project and the said Council has agreed to so act and to thereby provide services to support the operation of the Partnership;

2.9 The Partners have agreed to enter this Agreement in order to govern the relationship between them and with the Lead Authority to ensure the effective operation of the UTMC Facility;

2.10 Each of the LA Partners has well-being powers under section 2 Local Government Act 2000 which entitle them to enter into this Agreement and Nexus has power under section 10 Transport Act 1968 to do all things which are in its opinion necessary to facilitate the proper carrying out of its business.

3. **Commencement and Duration**

3.1 This Agreement and the Partnership shall begin on the Commencement Date.

3.2 This Agreement and the Partnership shall continue for a period of five years from the Commencement Date and thereafter from year to year provided that:

   (i) following expiry of the first three years the Partnership may at any time thereafter be terminated earlier by any Partner who (a) has good and reasonable cause to be satisfied that the monies remaining in the Project Fund will be insufficient to meet the likely revenue costs of the Partnership beyond the proposed early termination date and (b) gives to the other Partners at least two calendar months notice of such date; and

   (ii) any Partner may terminate the Partnership at the end of the fifth year or on any anniversary thereof by giving to each of the other Partners at least two calendar months prior written notice of its wish to do so in which event the Partnership shall terminate at the end of the fifth year or (as the case may be) such anniversary date.

4. **Membership of the Partnership**

4.1 Each Partner shall be a member of the Partnership and warrants it has necessary consent and authority to enter into this Agreement.

4.2 The Partners agree that the Partnership shall take the form of the mutual commitments in this Agreement and that nothing in it shall constitute a legal partnership between the Partners and that none of the Partners shall (except where expressly provided for in this Agreement) have authority to contract or undertake any liability or obligation on behalf of any of the other Partners.

5. **Partnership Governance**

   **Chief Executives Group**
5.1 The Chief Executives Group shall have ultimate executive responsibility and oversight of the UTMC Facility and shall receive from the Strategy Group at least once every year a full report on its operation and any relevant issues or developments, including a breakdown of past and planned expenditure, performance and any proposed enhancements or improvements to the Facility.

**Strategy Group**

5.2 Strategic direction of the Partnership shall be led by a Strategy Group which shall comprise:

(a) One District Policy Officer from each of the five LA Partners who shall be an existing member of their Joint Transport Steering Group;
(b) The statutory District Traffic Manager from each of the five LA Partners;
(c) One officer representative from and appointed by Nexus;
(d) The Chair of the Strategy Group will be a District Traffic Manager from one of the LA Partners. This role will rotate around the five LA Partners on an annual basis, with the Lead Authority providing the Chair for the first year.

There shall be a quorum of the Strategy Group when at least one representative from each of the LA Partners is present. The Group will seek wherever possible to reach agreement by general consensus but where this is not possible decisions will be made by a majority vote, with Nexus and each LA Partner having one vote and the chair having a second or casting vote.

5.3 The Strategy Group will initially meet on a monthly basis but may be convened on a more or less frequent basis as determined by the Group in the light of operational requirements. Any Partner or Strategy Group Member who considers there are exceptional circumstances justifying the need for a special meeting of the Strategy Group in advance of the next planned meeting can convene such a special meeting by giving at least 48 hours written notice to the other Partners specifying the time and place of such meeting.

5.4 In addition to the voting members of the Strategy Group described in 5.2, a representative of the Tyne and Wear Traffic Signals Group shall be entitled to attend all meetings of the Strategy Group in an advisory capacity and the Strategy Group may from time to time invite advisory representation from any other relevant stakeholder it considers appropriate (e.g. the Highways Agency).

5.5 The Chair of the Strategy Group shall seek to ensure that not less than 5 working days before any meeting an agenda and any written reports are sent to the nominated contact officer of each Partner, together with the minutes of the previous meeting.
Day to Day Operation

5.6 The Lead Authority shall employ on behalf of the Partners:

(a) a full-time UTMC Specialist who will manage and supervise the day to day operation of the UTMC Facility and its technical staff and who will report to and be managed by the Lead Authority’s District Traffic Manager on a day to day basis;

(b) three UTMC technicians (or such other number as may from time to time be agreed by the Strategy Group) who shall be managed by and report to the UTMC Specialist.

Subject to any other arrangements which may be agreed and directed by the Strategy Group from time to time, these staff (“the UTMC Team”) shall between them staff and operate the UTMC Facility on weekdays (excluding Bank Holidays) from 7.00am to 7.00pm and, outside these hours, for special events as considered appropriate and negotiated with the organiser or sponsor of any such event and subject to the cost of any such out of normal hours operation being borne by the relevant sponsor or organiser.

5.7 The primary responsibility of the UTMC Team during their hours of operation will be to use the UTMC System and all information provided to them by the Partners, either through that System or otherwise, to continually monitor conditions on the Network across the Area and to make appropriate temporary interventions to ensure the most effective and efficient operation of the Network as circumstances change. Such interventions shall be all those reasonably available to them at any particular locations across the Network, including for instance (a) making incremental changes to traffic light patterns; (b) altering the priority given to particular vehicle types by the traffic light system; and/or (c) displaying appropriate road message signs.

5.8 The UTMC Team shall at all times operate and make interventions in accordance with any policies and strategies approved by the Strategy Group from time to time.

6. Operational Obligations of Partners

6.1 Each Partner shall:

(a) co-operate with each other, the Strategy Group and the UTMC Team to help ensure the most effective use of the UTMC Facility;

(b) in particular at all times (subject to clause 7 below) provide to the UTMC System all relevant data streams from each of its own ITS facilities including (to the extent any Partner holds such data) information from its street-works database; weather detectors; air quality data; traffic signals data; information from any car park guidance system operated by it; and highway management CCTV images.
take all reasonable steps to ensure that its own ITS facilities are adequately integrated to the UTMC System to ensure the effective transfer from one to the other of all relevant road condition and traffic data.

6.2 Each Partner also agrees to the UTMC Team making the interventions referred to in clause 5.7 subject to the supervision and control provisions in this Agreement.

6.3 Any Partner who in future purchases any new or additional ITS facility (and wishes it to be integrated on the UTMC system) shall ensure that from the outset of the procurement process it shall be clearly specified as a requirement that the facility will be compliant and capable of integration with the UTMC System. Responsibility for the sharing by the other Partners of any additional costs incurred by the purchasing Partner arising from such integration of the new or additional facility will be subject to negotiation by the Partners (initially through the Strategy Group) but shall be subject to the underlying principle that responsibility should be based on the value added by such integration to the UTMC Facility as a whole rather than that derived by the individual purchasing Partner.

7. Data Use and Sharing

7.1 The following provisions will apply in relation to any data provided by a Partner (either through its ITS facility or otherwise) to the UTMC System and the UTMC Team and shall also apply to such data as may be provided by the UTMC System or UTMC Team to any other Partner:

(i) All such data will be used only to monitor conditions on the road network or for such other purposes as are expressly provided for in this Agreement;

(ii) No data (except for that shown on CCTV images) will relate to any living individual so that it will not be subject to the Data Protection Acts;

(iii) The only CCTV images to be shared will be those of the road network showing views that would be readily accessible to any member of the public using, or in the vicinity, of the road in question;

(iv) Data relating to any third party (for example, a bus operator) which is deemed to be commercially sensitive will be treated as such;

(v) If any future ITS facility operated by any Partner is able to provide data which can be linked to any living individual (such as for instance automated number plate recognition), no transfer or use of that data will be made under this Agreement without a suitable data sharing agreement first being drawn up and agreed between that Partner and the Lead Authority;

(vi) CCTV images will be used only to visually assess conditions on the highway network and such images will not be stored on the UTMC Database;
(vii) All data (other than CCTV images) will be stored on the UTMC Database to provide profiles and patterns of network conditions so as to better inform future intervention strategies.

8. **Intervention Controls**

8.1 The Strategy Group will develop and agree policies, strategies and guidance to regulate the operation and intervention of the UTMC Team and which will be designed to deliver the policy aims of LTP3 and will outline the principles to be used by that Team for both planned and unplanned events and incidents.

8.2 The Strategy Group will also develop and agree a prioritisation system to be applied by the UTMC Team when dealing with multiple incidents on the Network.

8.3 The UTMC Team will ensure that whenever implementing interventions on the Network they shall give due consideration to the hierarchy of road users set out in LTP3 and Network Management Plans and that due care will be taken to ensure that any intervention does not unnecessarily impact adversely upon other user groups or policy objectives of any of the Partners.

8.4 Feedback from road users and other relevant stakeholders (such as bus operators) will be actively encouraged via the web to help inform the Partnership of the effectiveness and impact of the UTMC Facility and the interventions of the UTMC Team.

8.5 The UTMC Team will as a matter of routine keep under review the impact of any interventions made by them in the Network and report to the UTMC Specialist upon any cases of particular importance or significance.

8.6 In any case where the UTMC Specialist considers there has been a major intervention in response to either a planned or unplanned event which s/he considers should be formally reviewed to assess either (a) its effectiveness or impact on the wider Network or (b) how it might influence future policy development, then the UTMC Specialist shall prepare a short report to the Strategy Group detailing:

   (i) the nature of the incident;
   (ii) the intervention which was implemented and the intended outcome;
   (iii) the actual outcomes;
   (iv) a summary of any relevant feedback;
   (v) any lessons learnt and any recommendations for future action.

9. **Appeals and Arbitration on Interventions**

9.1 In any case where a Traffic Manager for an LA Partner or the relevant manager for Nexus considers that an intervention was implemented incorrectly or inappropriately
on its part of the Network (or a neighbouring part which impacts on its part) then s/he should initially raise the issue with the UTMC Specialist.

9.2 The UTMC Specialist shall then as soon as reasonably practicable provide to such manager a detailed account of the actions taken and why they were taken and the extent to which s/he considers they were consistent with any intervention policy or guidance issued by the Strategy Group.

9.3 If the relevant manager does not consider this account satisfactorily addresses the concern then s/he may refer the matter to the Strategy Group in which event the UTMC Specialist will provide an appropriate report which will be duly considered by the Strategy Group together with any representations from the relevant manager.

9.4 If the relevant manager does not consider the Strategy Group has resolved the matter satisfactorily, or the Group itself feels unable to do so because of conflicting policy aspirations and demands, then the matter will be referred to the Joint Chief Executive’s Group for arbitration whose decision will be binding.

10. Role of Lead Authority

10.1 The Lead Authority shall on behalf of all the Partners:

(a) employ the UTMC Team on the terms and conditions of employment applicable to other employees of the Lead Authority on the appropriate grade as determined by the Strategy Group;
(b) hold and administer the Project Fund and provide necessary budgetary and accountancy support to the Partnership;
(c) hold the University accommodation referred to in clause 2.6 or such other property used for the UTMC Facility;
(d) hold ownership of the UTMC System;
(e) at the request of the Strategic Group procure any equipment or services required for the purposes of the project provided that it shall have discretion not to do so if it considers there is no specific or adequate provision in the Partnership budget for such expenditure;
(f) provide any necessary support service to meetings of the Strategy Group.

10.2 All costs and expenses reasonably incurred by the Lead Authority in discharging these responsibilities shall be reimbursed to it by the Partnership and provision for such expenditure shall be included in the Partnership’s annual budget, provided that the charges for such services will not exceed actual costs as calculated in accordance with the Best Value Accounting Code of Practice.

10.3 In procuring any contract for the Partnership the Lead Authority will follow its Procurement Procedure Rules and shall also comply with all relevant procurement legislation, case law and regulations which are in force for the time being.
11. Finance

11.1 For each financial year commencing 1 April the Lead Authority will by the preceding 31 January prepare a draft revenue budget for the approval of the Strategy Group and will also prepare within 20 Working Days of the Commencement Date a draft revenue budget until 31 March 2012 for the Strategy Group’s approval.

11.2 The Lead Authority will keep the Strategy Group informed of financial progress during the course of each year.

11.3 It is expected that all normal revenue expenditure by the Partnership will be met from the Project Fund and that the Strategy Group will set the Partnership budget and approve expenditure to reflect that expectation.

11.4 Except as expressly provided for in this Agreement no Partner shall be liable to make any financial contribution to the Partnership (beyond any existing contribution to the Project Fund) without the express agreement of that Partner.

11.5 In the event of any Partner incurring any liability to any third party as a result of the operation of the UTMC Facility or this Partnership generally then all the LA Partners shall share the cost of such liability (and shall reimburse that Partner accordingly) in the same proportion as the last officially recorded populations of their respective areas bear to each other except to the extent that such liability has arisen as a result of any unlawful act or wilful misconduct or gross negligence by that Partner or its employees or agents.

12. Confidentiality and Publicity

12.1 No Partner or Strategy Group Member shall:

(a) Disclose financial or other information which s/he has received in confidence or which has been classified, or can reasonably be regarded, as confidential to the Partnership unless disclosure is required by law or agreed to by the person who provided the information or by the Strategy Group.

(b) Make a press announcement in relation to the work of the Partnership without first consulting the chair where it is reasonably practicable in the circumstances to do so but in any event the Strategy Group shall be informed at its next meeting of any such press announcement which has been made.

13. Freedom of Information and Data Protection

13.1 Each Partner shall assist and co-operate with any other Partner to comply with any information disclosure obligations that the other Partner may have under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 in relation to information concerning the Partnership and in so doing will comply with any timescale notified to it by the Partner subject to the request. It is
acknowledged that each Partner has absolute discretion to apply or not to apply any exemption under the Acts.

13.2 Each Partner shall (and shall procure that any of its relevant employees, servants or agents) comply with any requirement under the Data Protection Act 1998 arising from the work of the Partnership.

13.3 The Lead Authority shall keep all written records and accounts relating to the Partnership for at least seven years from the termination of this Agreement and shall make them available for inspection by any of the Partners or their auditors or agents at any reasonable time on reasonable notice.

14. Termination

14.1 On the termination of this Agreement any of the Project Fund held by the Lead Authority shall firstly be used to discharge any outstanding obligations and/or liabilities of the Partnership (whether existing or prospective) and any remaining funds (or liabilities) will be distributed (or borne) amongst the LA Partners in the same proportion as the last officially recorded populations of their respective areas bear to each other.

14.2 Any redundancy or other unexpected costs incurred by the Lead Authority as a result of termination shall be shared, and reimbursed to the Lead Authority, by the LA Partners in the same proportion as the officially recorded populations of their respective areas at the start of that year bear to each other.

14.3 On termination the Chief Executive’s Group shall decide what uses shall be made, and by whom, of the UTMC System or whether it shall otherwise be disposed of and how the proceeds of any disposal should be equitably distributed.

15. Notices

15.1 Any notice required by this Agreement shall be in writing and be served personally, by fax or by sending it by registered post or recorded delivery to the normal address of the recipient.

15.2 Any notice served personally will be deemed served on the day of delivery; any notice sent by post will be deemed served 48 hours after it was posted; and any notice sent by fax will be deemed served 24 hours after it was despatched provided that where the deemed date falls on a day other than a Working Day the date of service will be the next Working Day.

16. Entire Agreement

16.1 This Agreement constitutes the entire agreement between the Partners relating to the Partnership.
17. Variation

17.1 No variation to this Agreement is valid unless in writing and signed by each of the Partners.

18. Force Majeure

18.1 No Partner shall be liable for failure to perform its obligations under this Agreement if such failure results from Force Majeure.

19. Severance

19.1 If any provision of this Agreement shall become or shall be declared by any court of competent jurisdiction to be invalid or unenforceable in any way, such invalidity shall not impair or affect any other provision all of which shall remain in full force and effect.

20. Costs and Expenses

20.1 Each Partner will pay its own costs and expenses incurred in connection with the negotiation, preparation, execution, completion and implementation of this Agreement.

21. Law and Jurisdiction

21.1 This Agreement and any dispute or claim arising out of it shall be governed by the laws of England and Wales.

22. Counterparts

22.1 This Agreement may be executed in any number of counterparts each of which shall be an original, but the counterparts shall together constitute one and the same Agreement.

This Agreement has been signed by or on behalf of the Partners and takes effect on the Commencement Date.

SIGNED for and on behalf of each Partner by the following authorised signatories:
Mission and Policy Statement – Extract

Tyne and Wear
Urban Traffic Management and Control
Policy Manual

Mission and Policy Statement

Mission Statement
To assist in enabling our Local Transport Plan partners to deliver their strategic aims of:

- Supporting economic development and regeneration;
- Addressing climate change;
- Supporting safe and sustainable communities through the efficient use of the transport infrastructure; and
- The provision of accurate and timely information to the travelling public.

Policy Statement

Background
Intelligent Transport Systems (ITS) is a term used to describe a range of tools that combine data collection, processing and storage to provide information and management services to help meet transport objectives or to solve particular problems. In particular, ITS can increase the capacity of the network which can then be efficiently allocated to public transport, cyclists and pedestrians.

ITS can support the work of the Traffic Manager in undertaking the network management duties with respect to the Traffic Management Act (2004).

Many authorities are already employing ITS to assist in the delivery of transport policies or to solve particular problems. The most common tools are:

- **Urban Traffic Control** – a system which co-ordinates traffic signal timings in a network to reduce delays and emissions;
- **Car Park Management** – variable message signs which help drivers to find car parks with spaces;
- **Bus Priority** – a method of providing priority at traffic signal junctions for buses (or emergency vehicles); and
- **Travel Information** – the provision of information to travellers to help them plan their journeys.

Urban traffic Management and Control (UTMC) is an amalgam of these technologies.

**UTMC Capabilities**

UTMC offers opportunities to:
- Increase the capacity of roads and junctions without increasing their size
- Manage travel demand
- Help reduce the need for new infrastructure.
- Monitor existing services and improve them for the benefit of users.
- Offer value added services to enhance the travel experience.
- Integrate with non transport related services to provide enhanced value for operators and users.

New communications technologies offer genuine opportunities to improve transport networks, and information, thereby making travel in and around the city a more pleasant and safer experience for the people of Tyne and Wear and its visitors.

There are many benefits to implementing UTMC, which include:

- **Improving safety** – responding to incidents and sharing information about transport problems as well as reducing fear of crime and improving security,
- **Protecting the environment** by improving the efficiency of existing transport infrastructure and helping to reduce traffic growth, and
- **Improving partnerships** by facilitating better co-operation with other authorities including the police and sharing information.
- **Reducing overall journey time** by ensuring more appropriate distribution of road space at pinch points on the network
- **Increasing accessibility** by ensuring that people are aware of the full range of journey options available to them, thus enabling them to make trips they may not otherwise be able to make
- **Improving Network Reliability** by managing the road network.
- **Increasing the efficiency** of maintenance by providing asset management tools and targeting maintenance at areas of high stress.

**Aims and Objectives**

The primary aim of this system is to enable the Plan Partners to meet their statutory obligations and strategic policy aims by reducing congestion through the provision of an efficient network management system. This in turn will lead to a reduced pollution levels, better traveller information and reduced collision levels.

In addition to the ability to manage traffic effectively, UTMC systems have the capacity to link a whole host of infrastructure and data sets to help deliver the key transport shared priorities and assist the Plan Partners in monitoring indicators and setting appropriate targets.

Taking these wider capabilities into account the system objectives are to provide:
both a strategic and local network management tool;

- improved traffic flows with reduced levels of congestion and carbon emissions;

- real time information to inform the decision process when reacting to situations as they develop on the network;

- real time information to travellers and media to enable efficient use of the network;

- the ability to link all traffic management and information equipment into one system that will have the ability to incorporate emerging technologies as they become available; and

- a framework of data collection, storage and retrieval, which will allow for accurate policy and performance management.

The regional transport objectives are encapsulated within the Tyne and Wear Local Transport Plan with the Traffic Management Act providing a statutory duty for undertaking traffic management operations in liaison with neighbouring authorities. The strong policy commitments and legislative requirements provide significant primary drivers for a regional UTMC system.

**Policy Overview and Guiding Principles (Includes governance arrangements) Extract**

*Tyne and Wear Urban Traffic Management and Control Policy Manual*

Policy Overview and Guiding Principles

**Policy Overview**

**Traffic Management Act 2004**

The Traffic Management Act was introduced in 2004 to tackle congestion and disruption on the road network. The Act introduced the Network Management Duty, which is a statutory duty placed on all local traffic authorities to ensure the expeditious movement of traffic on their road network and those networks of surrounding authorities.

Under the Network Management Duty, the local authority has a duty to reduce the causes of congestion and disruption on the road network, by co-ordinating and managing road and street works effectively, the management of incidents, event planning, the control of parking and the network as a whole.

**Network Management Plans**

In order to meet their statutory duties, each of the districts has developed their own Network Management Plan (NMP).

These NMPs detail how each of the Local Authority intend to address their Network Management duties and highlight local issues that may need special consideration. They also detail cross boundary issues and arrangements.
The latest version of each of the five NMPs will be held at the UTMC facility and all operators will be aware of the policy objectives contained in each publication.

The responsibility under the Act to perform the network management duty lies with the authority. The responsibility of the UTMC Manager is to apply (on behalf of each Traffic Manager) the policies and procedures set out in each individual Network Management Plan.

The role of the UTMC System is to perform tasks the partners consider will assist them to perform the network management duty. These tasks are explained in the appropriate NMP.

**Local Transport Plan**

The Tyne and Wear Local Transport Plan (LTP) gives the overarching policy objectives for the Tyne and Wear region covering all five constituent Local Authorities and Nexus.

The latest iteration of the plan is LTP3 and was submitted to DfT by the Integrated Transport Authority (ITA) at the end of March 2011. The three main headline objectives of LTP 3 are:

- Supporting economic development and regeneration;
- Addressing climate change; and
- Supporting safe and sustainable communities.

All of the actions, interventions and policies employed within the UTMC facility should be in support of the above objectives.

**UTMC Governance**

The Chief Executives Group shall have ultimate executive responsibility and oversight of the UTMC Facility and shall receive from the Strategy Group at least once every year a full report on its operation and any relevant issues or developments, including a breakdown of past and planned expenditure, performance and any proposed enhancements or improvements to the Facility.

Strategic direction of the Partnership shall be led by a Strategy Group which shall comprise:

- One District Policy Officer from each of the five LA Partners who shall be an existing member of their Joint Transport Steering Group;
- The statutory District Traffic Manager from each of the five LA Partners;
- One officer representative from and appointed by Nexus;
- The Chair of the Strategy Group will be a District Traffic Manager from one of the LA Partners. This role will rotate around the five LA Partners on an annual basis. If s/he is absent from any meeting the chair for that meeting shall be appointed by and from those present.

There shall be a quorum of the Strategy Group when at least one representative from each of the LA Partners is present. The Group will seek wherever possible to reach
agreement by general consensus but where this is not possible decisions will be made by a majority of those present with the chair having a second or casting vote.

The Strategy Group will initially meet on a monthly basis but may be convened on a more or less frequent basis as determined by the Group in the light of operational requirements. Any Partner or Strategy Group Member who considers there are exceptional circumstances justifying the need for a special meeting of the Strategy Group in advance of the next planned meeting can convene such a special meeting by giving at least 48 hours written notice to the other Partners specifying the time and place of such meeting.

**Governance**
Guiding Principles

The guiding principles outlined in this section shall be applied to Traffic Management Chapter of this document.

Congestion Corridors

The Tyne and Wear LTP partners have, over the years, developed a Congestion Reduction Plan, which is centred on 16 key corridors, as shown below:

When the network is running well, UTMC operators are to pay particular attention to these corridors to ensure that congestion is kept to a minimum.

In the event of flows breaking down on the network (for whatever reason) the UTMC operators will use the route priority guidance to establish a hierarchy of interventions appropriate to the situation.

The congestion corridors are shown on the map below with a full list and route description at Appendix A.

Route Prioritisation

The prioritisation of routes when considering the impact on the network of an incident or intervention is as follows:

- Congestion Corridors;
- Network Management Plan Hierarchy (or hierarchy given by Traffic Management);
- Other Roads.

To distinguish between roads and routes that have the same status, the average volume of traffic per day will determine the priority. This will not take into account vehicle or user types.

It is important that the effects of dispersed traffic on the due to incidents and intervention elsewhere, even if there is little or no ability to influence the dispersed traffic.

Intervention Monitoring and Reporting

When any intervention is implemented it should be monitored to ensure that it is having the desired effect on the subject road/route and not having negative consequences on other parts of the network.

If negative effects on another part are experienced, then measures to adjust the intervention accordingly to mitigate these effects should be taken. If there are no effective mitigating actions and a negative impact on other parts of the network are an inevitable consequence of the intervention, then a report should be prepared for the relative Traffic Manager(s) whose network is affected. It will ultimately be the Traffic Manager who decides whether the benefits to the subject road outweigh the negative consequences on the neighbouring part of the network. Where the intervention affects neighbouring Local
Authority roads, this process should be carried out in consultation with all Traffic Managers concerned.

**Communications**

The conditions on the network will automatically be available through the website, with feeds be provided proactively to local media outlets and viral media such as Twitter. The information provided through these means will be relevant factual information relating to journey times, route closures, congestion etc. Specific advice will not be given, except when required for emergency situations as directed by Northumbria Police.

**Responsibilities**

The responsibility under the Act to perform the network management duty lies with the nominated Traffic Manager for each Local Authority. The responsibility of the UTMC Manager is to apply on behalf of each Traffic Manager the policies and procedures set out in each individual Network Management Plan.

The UTMC manager also has a duty to the partner organisations to apply the strategic transport policies set out by them. It is the partner organisations responsibility to give the UTMC manager clear guidance on priority where there is a conflict.

This manual sets out procedures for the UTMC System in accordance with the NMP and appropriate strategies. Individual Traffic managers have the authority to overrule the UTMC manager at any time in order to perform their duties under Traffic Management Act 2004.

The role of the UTMC System is to perform tasks the partners consider will assist them to perform the network management duty. These tasks are explained in the appropriate Network Management Plan (NMP). The plan also explains how the Highway Authority will manage its road network for the benefit of all road users.

**Communications – Extract**

**Tyne and Wear**
**Urban Traffic Management and Control**
**Policy Manual**

**Communications**
**Overview**

A large part of the function of the UTMC Facility is to provide accurate and timely information to the public to enable individuals to make informed decisions over their travel choices. The information provided will be factually accurate, but will not include specific advice, except when this is required for emergency situations and then only on the direction of the authority coordinating the emergency response.
It is also important that communications between all partners and key stakeholders regarding UTMC activities and planned enhancements is maintained to ensure that the service provided reflects the needs of the partner organisations, stakeholder groups and the travelling public.

Public Facing Communications

In order to enable the public to make informed decisions over their travel choices it is important that they are provided with reliable, accurate and timely information. This information needs to be delivered in a variety of formats in order to reach all segments of the community. Some of the ways that information could be disseminated are:

- Travel alerts through broadcast media, such as local radio;
- Social media such as Twitter;
- Email or Text alerts;
- Websites;
- Smartphone Applications;
- In car navigation devices; and
- On street information.

Initially it will not be possible for the UTMC system to engage in all of the above communication methods. However, as the system develops and a greater understanding of how people react to, and wish to receive their information, the UTMC dissemination methods will evolve to meet these needs as efficiently as possible within its capabilities and financial constraints.

Media Engagement

For the travelling public the source of the information is not necessarily important. Many individuals may prefer to continue to receive their travel information through already established and trusted sources (such as local radio stations). Therefore, the re-using of information that is provided by the UTMC, in order to reach as many people as possible will be actively encouraged.

The UTMC staff will engage with Local Media outlets to raise the profile of the facility and to promote the use of our data as a primary resource for accurate information for all modes of transport within the region.

Website

The public facing website provided as part of the UTMC facility will provide:

- Road works, planned events and incidents;
- Journey times;
- VMS displays;
- Car park occupancy, including predictive occupancy levels;
- CCTV still images (where available and agreed by camera operator);
- Twitter feeds from the UTMC Twitter account;
- News updates on major travel and traffic related issues;
Appendix B – Tyne and Wear Urban Traffic Management Control System

- Journey planning (powered by Transport Direct) and
- Links to other traffic and transport related websites.

As the public recognition of the UTMC brand is not necessarily important and there are already a multitude of transport brands, logos and messages competing for attention, the branding of the website will be that used by the Tyne and Wear LTP.

The address for the website is: www.tyneandweartravel.info

Twitter
A Twitter site has been established for UTMC. The intention is that this medium will proactively provide interested users with an update feed of incidents and issues on the network.

Primarily it is aimed at media outlets and transport operators. However it is open to anybody and within the first six weeks of being established was being followed by over 100 private individuals and interest groups.

Tweets on the site will be generated either by:
- UTMC operators;
- Automated strategies; or
- Incidents and accidents occurring outside the UTMC hours of operation, primarily logged by the Highways Agency.

To remain credible it is essential that the information provided by this service is accurate. Therefore all operator generated tweets must be verifiable at the time of posting. Information received from third parties will be treated with caution until verification has been achieved. If this is not possible, but the incident is of a serious nature the tweet will carry be prefixed to indicate this, for example “there have been reports of…”, rather than reporting the incident as a factual certainty.

The Twitter account can be viewed at http://twitter.com/#!/TyneWearTravel and followed via @TyneWearTravel through any Twitter Account.

Future Developments

It is envisaged that over time the methods that are used by UTMC to communicate with the public will develop and expand to meet the needs of all user groups, primarily through:
- Variable Message Signs;
- Smart Phone applications; and
- The provision of Real Time Passenger Information.

Partner and Key Stakeholders

Meetings, Reports and Briefings
Partner organisations will be represented on the UTMC Strategy Group as detailed in the Partnership Agreement and in the Policy Overview section of this document. Key stakeholders will also be invited to Strategy Group meetings as appropriate. This will include representatives from:

- Northumbria Police;
- The Highways Agency; and
- Traffic Signals Group.

In addition to this, Working Groups will be formed to deliver future developments and enhancements to the system as and when required (as directed by the Strategy Group).

Reports on all UTMC activities will be presented regularly to the Strategy Group and be available for a wider circulation as required.

Briefings to the Joint Transport Steering Group and the Integrated Transport Authority will be provided as the system develops.

The UTMC Specialist will be responsible for ensuring that there is appropriate engagement with key stakeholders such as Bus and Freight operators and interest groups.

Web Client

The web client is a secure web site that provides detailed information from the Common Data Management Facility. There are two levels of user permitted on the web client: Administrator; and Viewer.

The Viewer level will allow users to view the detailed information regarding conditions on the network in real time, such as:

- Incidents, Accident and Planned Events;
- Meteorological and Air Quality Data; and
- Current and Future Road Works.

Therefore viewers in one Local Authority will have access to information on all current and planned road works and events (disruptive to the network) on the whole of the Tyne and Wear region rather than being limited to their own part of the network.

In addition to the facilities provided by the Viewer level of access, users with an Administrator logon will be able to create and modify data for incidents, accidents and events. As well as being able to change the status of automated strategies (See Traffic Management Section – Strategy Activation further details).

All Traffic Managers and individuals nominated by Traffic Managers and nominated Northumbria Police Staff, will have logon IDs for UTMC web client.

Traffic Managers will be responsible for the determining the level of access given to their nominated individuals and requests for user logons should be emailed to the UTMC Specialist.
APPENDIX C – CENTRAL WALES INFRASTRUCTURE COLLABORATION

The following summary documents are included:
Collaborative Agreement – Available at the HMEP website http://www.dft.gov.uk/hmep/

Business Plan for 2012 / 13

Business Plan – Extract
Appendix C – Central Wales Infrastructure Collaboration

Business Plan
2012-2013

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Document Control

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Jeanette Jones, CWIC Programme Officer

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Section 1: Summary

This document is the 2012-13 Business Plan for the Central Wales Infrastructure Collaboration (CWIC).

2012-13 is set to mark a key stage in the development of collaboration in the delivery of infrastructure services in Central Wales. In simple terms the collaboration has reached the point of readiness to implement regional working and adopt a regional delivery structure. The Business Plan therefore sets out the changes that will be implemented and the benefits that are expected to be achieved over the course of the coming year. It also lays the foundations for developing the collaboration in the years beyond.

The Vision for the collaboration is to establish a regional management structure that will generate deep rooted joint working within each workstream. The structure that will be established is shown in Section 2 of this Business Plan.

Implementation of the regional management strategy will bring about a number of changes including:

- A number of senior positions will become joint posts with responsibility for service delivery across both Councils.
- Where practical the policies and practices of the two Councils will be aligned but services will remain locally based.
- Some restructuring will take place which may widen job opportunities and career development.
- Opportunities to improve services are expected to arise by removing duplication in roles and freeing up officer time.
- Financial savings will arise by taking opportunities to merge roles and making efficiency savings.
- There are no redundancies anticipated.

Responsibility for service delivery has already been delegated to the CWIC Board by both Councils. From April 2012 onwards, the Councils will set out their requirements and budgets and the CWIC board will be responsible for delivery via the workstreams operating regionally. The importance of retaining the sovereignty of both Councils is fully recognised in the Business Plan. Steve Holdaway and Huw Morgan have been identified as the client representatives for Powys and Ceredigion respectively. They will work with the CWIC Board and will represent the Councils’ interests in meetings.

It is expected that the CWIC Board will become actively involved in directing the regional management of services. Decisions regarding the allocation of resources, joint posts and the delivery of programmes allocated to CWIC, by the Councils, will rest with the CWIC Board.

Cont…
Summary cont...

The individual Councils will retain responsibility for payroll matters, staff terms and financial overheads, unless in time further collaboration brings about other possibilities.

The CWIC Board will also serve as a delivery vehicle for a number of work programmes determined by the Central Wales Waste Partnership, the Regional Transport Consortium (TraCC) and the North and Mid Wales Trunk Road Agency and will help to secure the Councils’ commitment to the Welsh Local Government Compact with the Welsh Government.

This Business Plan sets out an ambitious agenda for CWIC during 2012-13. It responds positively to the Councils’ and the Welsh Government’s current economic and political objectives. The CWIC Board is fully committed to improving services and is seeking to engage with the Officers of both Council’s to work together and help to deliver the benefits that are set out in this Plan.
## Section 3: Milestones for Regional Working (Updated June 2012)

<table>
<thead>
<tr>
<th>Milestone Description</th>
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<tbody>
<tr>
<td><strong>GENERAL PROJECT MILESTONES</strong></td>
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<tr>
<td>1. CWIC Business Plan 2012-13 in place</td>
<td>01 April 2012</td>
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<td>2. Benefits Realisation Plan in place</td>
<td>30 September 2012</td>
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<td>3. Interim Plan in place for financial management</td>
<td>30 September 2012</td>
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<td><strong>PROPERTY SERVICES</strong></td>
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<tr>
<td>4. Regional Service Managers will be appointed (two)</td>
<td>31 October 2012</td>
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<tr>
<td>5. The Regional Strategic Property Client Practice Manager will be appointed</td>
<td>31 December 2012</td>
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<td>6. The Regional Property Design Practice Manager will be appointed</td>
<td>28 February 2013</td>
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<tr>
<td>7. Regional Design Team leads for Architects/M&amp;E/Project Management will be appointed</td>
<td>31 March 2013</td>
</tr>
<tr>
<td>8. Estates and Assets will be managed regionally</td>
<td>April 2014</td>
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<tr>
<td>9. Facilities Services will be managed regionally</td>
<td>April 2014</td>
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<tr>
<td><strong>ENGINEERING STRATEGY</strong></td>
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<tr>
<td>10. The Streetworks Manager shared post will be formalised</td>
<td>30 April 2012</td>
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<tr>
<td>11. The regional operation of the Streetworks service will become fully established and the structure will be formalised</td>
<td>31 October 2012</td>
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<tr>
<td>12. A Regional Manager will be appointed</td>
<td>31 October 2012</td>
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<tr>
<td>13. New framework will be in place for Regional Highway Strategy service delivery</td>
<td>31 March 2013</td>
</tr>
<tr>
<td>14. New framework will be in place for Regional Environmental Strategy service delivery</td>
<td>31 March 2013</td>
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<tr>
<td><strong>ENGINEERING OPERATIONS</strong></td>
<td></td>
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<tr>
<td>15. A Regional Engineering Consultancy Manager will be appointed</td>
<td>31 March 2012</td>
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<tr>
<td>16. Interim arrangements in place for joint delivery of operations to N&amp;MWTRA</td>
<td>31 March 2012</td>
</tr>
<tr>
<td>17. Review of options for Fleet Management service provision</td>
<td>30 June 2012</td>
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<tr>
<td>18. A Regional Manager will be appointed</td>
<td>31 October 2012</td>
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</tbody>
</table>

*Cont...*
Section 3: Milestones for Regional Working Cont...

| 19 | High level scoping plan prepared for regional management of all site based operations | 31 October 2012 |
| 20 | Engineering Consultancy services will be delivered regionally using common systems | 31 March 2013 |
| 21 | Detailed plan in place for regional management of all site based operations | 31 March 2013 |

**TRANSPORT AND ROAD SAFETY**

| 22 | Passenger Transport services co-ordinated regionally | Commenced January 2012 |
| 23 | A Regional Manager will be appointed | 31 October 2012 |
| 24 | A regional functional manager will be in place for Transport Policy & Development Enablement | 31 March 2013 |
| 25 | A regional delivery framework will be in place for Transport Policy & Development Enablement working seamlessly with TraCC | 31 March 2013 |
| 26 | A regional functional manager will be in place for Traffic and Road Safety | 31 March 2013 |
| 27 | A regional delivery framework will be in place for Traffic and Road Safety | 31 March 2013 |
Appendix C – Central Wales Infrastructure Collaboration

Section 4: Benefits Realisation

We will endeavour to deliver the following benefits out of this collaboration during 2012-13.

Cashable savings
- We expect to save in the region of £300,000 arising from secondments to joint posts
- We will also explore other opportunities and identify savings arising from:
  + Sharing software and IT applications
  + Systems and procedures e.g. external accreditations.

Cost avoidance
It is expected that any savings arising under this heading will be absorbed within the service by extending or improving the quality of the existing service.

We will work together to avoid duplication in areas including:
- Procurement of suppliers including contractors and consultants
- Policy development and implementation
- Representation on national forums.

We will use our combined resources and opportunities to:
- Avoid redundancy situations
- Re-deploy staff in areas where workload fluctuates
- Widen job opportunities and career development
- Maximise the utilisation of our own staff on productive work
- Reduce our reliance on external consultants.

Improving the resilience of the services
We will:
- Increase the use made of D&B procurement (where appropriate) to gain the efficiencies brought by this form of procurement
- Manage the workload regionally for Officers employed by the Councils
- Share expertise and develop specialist skills where this is made cost effective by sharing workload
- Seek joint opportunities for training and workforce development
- Investigate joint systems for resource planning and cost recording
- Investigate how to better utilise developing IT solutions to improve communication and collaborative working and avoid excessive travel.

Cont...
Wider benefits for the Central Wales region
We will contribute to the rural economy and general well-being and sustainability of the area by:
- Retaining skilled jobs in the area that could otherwise be lost
- Providing opportunities to encourage younger people to stay in the region
- Driving more value out of spending public funds
- Establishing a single local point of contact with the emerging new North and Mid Wales Trunk Road Agency
- Supporting the Welsh Government’s Community Benefits programme of achieving the very best value for money in economic and social terms from our procurement activities
- Working with Welsh Government to maintain our strategic fit with emerging agendas and the wider aspirations set out in the Compact between the Welsh Government and Local Authorities in Wales.

Other Potential Opportunities
- We will investigate whether a case exists for greater collaboration in the management of our On Site Operations including capital works, routine highway maintenance and refuse collection and the way our vehicular fleet and plant is managed.
- We will investigate the opportunities for wider collaboration with other public authorities in and around Central Wales where appropriate.
APPENDIX D – WARWICKSHIRE COUNTY COUNCIL AND COVENTRY CITY COUNCIL SHARED SERVICE

Memorandum of Understanding

THE “MEMORANDUM OF UNDERSTANDING”
FOR TRANSPORT & HIGHWAYS
27TH OCTOBER 2011

I. Principles of Agreement

1. Warwickshire County Council (the County Council) and Coventry City Council (the City Council) intend to work in partnership to share such resources necessary to deliver efficient and effective transport and highways services and works.

2. The parties intend to establish an efficient way of working with explicit roles, responsibilities and measures to monitor the quality of work and service delivery, and to ensure that such arrangements are regularly reviewed.

3. The parties agree to work together to achieve common objectives and to share resources, experience and good practice, and to work in an open and transparent manner.

II. Objectives

A. To improve the provision of transport and highways services and works within the region.

B. To achieve cost savings and efficiencies.

C. To provide a better quality of service to customers.

D. To improve the environment and the quality of life for the region.

III. Responsibilities

1. The County Council will be responsible for the overall management and strategic direction of the Memorandum of Understanding.

2. The City Council will be responsible for the operational delivery of services and works under the Memorandum of Understanding.

3. The parties agree to work in partnership to identify and implement opportunities for cooperation and collaboration.

IV. Procedures

1. The parties agree to establish a joint working arrangements committee to monitor the implementation of the Memorandum of Understanding.

2. The parties agree to establish a complaints and redress mechanism to ensure that any concerns or complaints are dealt with promptly and effectively.

3. The parties agree to establish a review mechanism to assess the effectiveness of the Memorandum of Understanding and to make any necessary amendments or improvements.

V. Enforcement

1. The parties agree to take all necessary steps to enforce the Memorandum of Understanding and to ensure compliance with the terms and conditions thereof.

2. The parties agree to refer any disputes or disagreements to an independent mediator for resolution.

3. The parties agree to take all necessary steps to ensure that the Memorandum of Understanding is implemented in accordance with the terms and conditions thereof.

This Memorandum of Understanding is signed by the Parties.

__________________________
[Signature]

Name: [Name]
APPENDIX E – URBAN TRAFFIC MANAGEMENT CONTROL SYSTEM

The following summary documents are included:

Business Case Summary – the full case is available on the HMEP Website

The Business Case for UTMC

The business case for UTMC is established within the DfT and within existing UTMC deployments. UTMC technology is proven and mature. The most complex and demanding challenge for the Tyne & Wear region is to align stakeholder requirements within the context of a phased approach to implementation.

Other regions within the UK, with similar complexities of multi-stakeholder operational responsibilities have successfully deployed sustainable UTMC solutions – examples include the West Midlands and Greater Manchester. Tyne & Wear have the distinct opportunity to learn from these experiences, with an initial deployment phase undertaken with a future facing perspective ensuring that the maximum whole life benefit can be realised from UTMC investment.

In identifying the scope of Phase 2 UTMC implementation, a detailed review has been undertaken of stakeholder requirements and existing ITS provision. Key questions and issues have been identified and answered leading to a definition of the elements to be taken forward. A capital investment budget of £364,000 will provide for the establishment of the core regional UTMC system and the fit out of the recommended UTMC regional operations centre, see Figure 1 for a generic view of the proposed operations centre layout. It is assumed that a suitable location will be provided and serviced by one of the LHAs.

Within Phase 2, improved efficiency and economies of scale within existing network management operations will enable an estimated revenue budget saving of approximately £123,850 per annum thus realising a financial return within an estimated range of 2.5 – 5.8 years. Further quantifiable benefits arising from the impact of UTMC operations on journey times and improved road safety within the region could be obtained using established inputs to existing or future traffic models.

Qualitative benefits include improved journey time reliability and public perception of the travel experience quality. The UTMC supplier market is highly competitive and the specification has been developed to ensure the correct balance of a proven, right first time and reliable solution against best value initial capital costs and ongoing revenue based support and maintenance commitments.
APPENDIX F – NOTTINGHAMSHIRE AND DERBYSHIRE COUNTY COUNCIL – SHARED PARKING ENFORCEMENT

The following summary documents are included:

Cabinet paper from Derbyshire County Council

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Derbyshire County Council
Cabinet Meeting
14 October 2008

Report of the Strategic Director – Environmental Services

Civil Parking Enforcement – Penalty Charge Notices (Environmental Services)

(1) Purpose of Report  To seek Cabinet approval of arrangements with Nottinghamshire County Council for the purpose of administering Penalty Charge Notices (PCNs) issued within Derbyshire under the Civil Parking Enforcement (CPE) national legislation and guidelines.

(2) Information and Analysis  In previous reports on 20 March 2007 and 17 June 2008 Cabinet was made aware that for implementation of CPE it would be necessary to enter into commercial/contractual arrangements with two organisations. The report of 17 June 2008 gave details of the broad principles required to operate CPE, which Members approved.

The first arrangement via the EU tendering process has now been concluded with APCOA Parking (UK) Ltd for the provision of the physical enforcement service, both on-street and off-street Countywide.

The second arrangement is for the purpose of PCN administration/processing. A detailed assessment of the benefits of either keeping the service in house or having an external provider has concluded that it would be financially beneficial to have an external provider of the PCN process.

In this case the Authority has been negotiating with Nottinghamshire County Council for the use of its existing PCN processing operation to also serve the Derbyshire area (excluding area of Derby City Council).

Nottinghamshire went live in May 2008. As part of its project delivery it set up its own processing unit and made provisions under EU Regulations for other authorities/organisations to be able to participate in the use of its facilities.

Some very detailed discussions have now taken place between this Authority and Nottinghamshire concerning how such a course of action might be accomplished.
Nottinghamshire has demonstrated that it is able to deliver the service required by Derbyshire. This service was evaluated against a schedule of activities developed by Derbyshire in conjunction with the Authority's consultants, Messrs RTA Associates.

It is recommended that Derbyshire County Council should enter into a Section 101 Agreement, within the Local Government Act 1972 as amended by the 2000 Act, whereby Nottinghamshire will manage the PCN processing service on behalf of Derbyshire County Council and its District/Borough partners (see legal section for full details).

The Cabinet of Nottinghamshire County Council considered the matter at its meeting on 3 September 2008 and resolved to support discussed arrangements, in principle.

Under the arrangements envisaged, Nottinghamshire County Council will process all the PCN tickets issued by APCOA Parking (UK) Ltd and will collect and manage the banking of funds arising from the PCNs. It will also act as a first point of contact for drivers wanting to appeal informally against their PCN, working to principles and the enforcement policy to be set down by Derbyshire County Council. A further report on this policy will be presented to the Cabinet Member. Subsequent formal appeals will be initially managed by the PCN Processing Unit, but the details will then be sent for off street matters to the appropriate Borough/District Council for the five areas of Chesterfield, High Peak, Amber Valley, Erewash and Derbyshire Dales. For all Countywide on-street and off-street matters in Bolsover, North East Derbyshire and South Derbyshire District Councils details will be forwarded to this Authority. The appropriate Authority will then be required to decide whether to agree to the formal appeal or to enable it to go forward to the Traffic Penalty Tribunal (TPT) for adjudication. This tribunal deals with all formal appeals between authorities and applicants.

Under the Nottinghamshire arrangements the Authorities in Derbyshire will use the CHIPSIDE software product to manage the electronic processing matters associated with PCNs. This is a proven specialist piece of software which processes all Penalty Charge Notices from issue to closure.

Nottinghamshire will make regular payments of income to the Authority. Derbyshire will then make payments to both APCOA Parking (UK) Ltd for the enforcement contract delivery, and to Nottinghamshire for the PCN administration/processing.

The proposed agreement with Nottinghamshire County Council under Section 101 will initially be negotiated for the life of the APCOA contract. Alongside the Section 101 Agreement will be a Service Level Agreement which will set
out, on a day-to-day basis, how each Authority will deliver its duties under the agreement.

(3) **Financial Considerations** Under the proposed arrangements Nottinghamshire will collect and bank all income received from registered keepers of vehicles receiving a PCN from the enforcement contract. These funds will be received by this Authority and used to pay the fees of both APCOA Parking (UK) Ltd and Nottinghamshire County Council.

(4) **Human Resources Considerations** None except for the previously approved staffing within the County Council’s Civil Parking Enforcement Team.

(5) **Legal Considerations** Section 101 of the Local Government Act 1972 permits a local authority to delegate non executive functions to another local authority. Section 19 of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 applies to executive functions. By delegating this part of the CPE function to Nottinghamshire County Council, that Council will be acting as agent for Derbyshire County Council under an administrative arrangement which falls outside European Procurement rules.

In relation to the usage of the CHIPSIDE software, Nottinghamshire County Council advertised the contract in the Official Journal of the European Union as a framework agreement enabling other public service partners in the East Midlands to call off this part of the service.

(6) **Property Considerations** There are no property considerations associated with this report.

In preparing this report the relevance of the following factors has been considered; prevention of crime and disorder, equality of opportunity; and environmental, health and transport considerations.

(7) **Background Papers** Cabinet reports of 20 March 2007 and 17 June 2008 held within the Environmental Services Department.

(8) **Key Decision** Yes.

(9) **Officer Recommendations** That Cabinet resolves:-

9.1 In principle, to use Nottinghamshire County Council’s Processing Unit as Derbyshire’s chosen methodology for Penalty Charge Notice administration/management subject to detailed financial cost analysis.
9.2 Subject to the above, to agree the use of Section 101 of the Local Government Act 1972 to delegate the function of administrative agent for PCN processing for Derbyshire County Council which falls outside EU procurement rules.

9.3 That a further report be submitted to Cabinet in early 2009 to report on the success of the Civil Parking Enforcement process.

9.4 To delegate any necessary decisions in approving the detailed capital and ongoing administration costs to the Cabinet Member – Environmental Services to ensure the 'go live' date of the 24 November 2008 is achieved.

Ian Stephenson
Strategic Director – Environmental Services
APPENDIX G – EXAMPLE SAVINGS PRO FORMA

The following pro forma sheet is to be owned by the lead authority in the shared service. It allows for the main categories of shared service savings, as described in this toolkit, to be entered for that particular service (there can be more than one). It encourages the identification by requiring a sub code, of the source of any saving under the umbrella of the main category.

The form requires the identification of the initiator of the saving who can be from any of the sharing authorities or the provider(s), a brief description of the saving and the initial estimate. The final columns allow for the actual saving to be realised, audited, entered and signed off.

It is common for numerous different savings streams to be recognised during the duration of the shared service and each one is to be entered with the details as described above on a new line.

### Shared Project Savings Capture Sheet - Summary

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<th>Authority</th>
<th>Shared Service Project</th>
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<td>Main Code</td>
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<td>1. Operational savings</td>
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<td>2. Back office savings</td>
<td>b. Resource</td>
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<td>3. Technical savings</td>
<td>c. Economies of scale</td>
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<tr>
<td>4. Management savings</td>
<td>d. Method of working</td>
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<tr>
<td></td>
<td>e. Non cashable saving</td>
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Savings b/f

Total Savings
APPENDIX H – MANAGEMENT SHARING – LONDON BOROUGHS

The following summary documents are included:

Annual review: Tri-borough one year on
OUR PROMISES DELIVERED

We have **protected front-line services** by combining Children’s Services, Adult Social Care and Library services across the three boroughs and started to share Environment Services across Hammersmith & Fulham and Kensington and Chelsea. Nearly four in five (79%) Tri-borough residents said they were now satisfied with the way their council is running the area in February 2012, up from 77% in March 2011.

**We have made front-line services better.**
- A shared Youth Offending Service is helping young people involved in crime to become responsible citizens.
- A troubled families programme across the three boroughs is enhancing the help we offer to 1,800 of our families with the most complex needs.
- We have made available over a million library books to our residents across the three boroughs and will launch a single library card (allowing residents to borrow from any library across Tri-borough).
- A shared fostering and adoption service is helping more children find a loving home faster.

We have **reduced the number of senior and middle managers by 45%** – with the number on-track to rise to 50% - dramatically reducing the cost of our executive pay bill.

We have **made our funds go further**. We have already saved £7.7m and on track to save £33.4m by 2014/15. We are also ambitious to save a further £7m by 2015/16.

We have **each retained our sovereignty**, safeguarding the role of local councillors and communities to tailor shared services to meet local priorities.

We have **created a credible platform for the further devolution of powers and responsibilities** from Whitehall to Town Hall and beyond. We are one of the Government’s four flagship whole-place Community Budget pilots. We are also two of 10 national Neighbourhood Community Budget pilots, which are testing a radical new model of bringing together and devolving public services to a neighbourhood level in White City and Queen’s Park.

We have shown how **joint procurement** can be run across three sovereign authorities, creating additional benefits and savings. For example, through joint procurement, we will now save £347,000 per year on our insurance bill.
Appendix H – Management Sharing – London Boroughs

FOREWORD

Over the past 18 months, Tri-borough has shown the best of what local authorities can achieve by working together. This report is a lesson for us all on how councils can make sensible savings through sharing back office services, joining forces to procure and cutting down on middle management whilst protecting frontline services.

What the public want from their local council is quality services, at value for money prices. Hammersmith & Fulham, Westminster and Kensington and Chelsea are leading the way in putting the frontline first by joining up back offices and driving down costs. Thanks to their leadership and innovation, £7.7 million of savings will be made across the three authorities this financial year with the figure set to rise to £40 million in 2015/16. If other councils across the country saved half that amount by sharing services with neighbours it could produce potential national savings of £2 billion.

But the success of Tri-borough is not just down to making impressive savings. Tri-borough has shown how sharing services can also improve lives. Library users can now borrow a million books in any of the three areas, 1,720 troubled families will be getting more help to turn their lives around and people with longer-term care needs are being offered personal budgets.

A year ago, Tri-borough was seen as radical but its success has shown that sharing services should be common sense for every council. I urge others to follow the lead shown by these three trail blazing authorities in putting residents and front-line services first to improve lives and make public money go further.

Rt Hon Eric Pickles MP
Secretary of State for Communities and Local Government
INTRODUCTION

Through shared determination we have combined £300m worth of services within 18 months.

Tri-borough was born in October 2011 out of the acute financial pressures facing local government. People were worried about whether the state could afford to care for the vulnerable and wanted to see value from public services. As three leading councils, our councillors and officers shared a common resolve for bold and radical action to meet public and staff expectations of great local services.

In February 2011 the Chief Executives of the three local authorities published Bold Ideas for Challenging Times which set out our ambition to achieve two things. First, deliver a better quality of life to people through improved services. Second, make the money from the taxpayer go further by pooling our expertise while retaining our shared reputation for low tax.

We recognised early on that we could save most from aggregating the biggest spending services. For others, we recognised we had different agendas or savings were less likely. Housing, planning and election teams remain single borough.

The report set out a detailed plan to share services, combine back office and management costs, and save £33.4m. The report asked each authority to consider the plans and put them to their Cabinets in June 2011 together with detailed implementation proposals. The three Cabinets met separately as planned in June and agreed to implement the proposals.

One year after the decisions were taken by each Cabinet, we have moved quickly to combine services, improve lives and make our funds go further.

This report showcases how we have delivered the promise we made a year ago and the benefits now being realised for residents.
OUR ACHIEVEMENTS
ONE YEAR ON

Shared services are working – a troubled families programme across the three boroughs is helping 1,800 of our most complex families turn their lives around, a shared fostering and adoption service is helping more children find a loving home faster, and for a second year in a row ‘Summer in the City’ will make available over 200 local activities for young people.

Better services, improved lives

Overall expectations among residents are high for Tri-borough. A third (36%) think the quality of services will increase, and two in five think the range of services will improve (39%) and that value for money will increase (40%).

We have worked hard over the last year to retain the trust and support of our residents, and prove that Tri-borough delivers real benefits:

- We have created a shared youth offending service, making it faster and simpler for young people and their families to get back on their feet.
- A troubled families programme across the three boroughs is enhancing the help we offer to 1,800 of our families with the most complex needs to gain employment, reduce offending and anti-social behaviour, and improve school attendance.
- We have made available over a million library books to our residents across the three boroughs and will launch a single library card, allowing residents to borrow from any library across the three boroughs.
- In 2011, we launched the first Tri-borough ‘Summer in the City’ campaign, which offered over 200 summer activities to families across the three authorities. Polling showed that residents welcomed this initiative and think more highly of the councils because they have worked together. ‘Summer in the City’ will be repeated in 2012.
- Young People from across the three boroughs attended a Children’s Participation Conference at Chelsea Football Club in March, giving them the opportunity to quiz local decision makers and find out more about services they can use of in their area.
- The first Tri-borough Youth Conference, ‘the Big Shout’ will be hosted by the three youth councils on 23 June, promoting youth activities, services and opportunities.
- We have created a single incident reporting database for Parks Police across Kensington and Chelsea and Hammersmith & Fulham, allowing us to respond faster to incidences of antisocial behaviour and prevent crime.
- We are sharing foster placements across the three boroughs, avoiding the additional cost of having to use Independent Fostering Agency placements.
- Through our libraries, local groups will continue to have access to specialist services that reflect their cultural or demographic needs, including Westminster’s Music Library, Hammersmith & Fulham’s prison services and Kensington and Chelsea’s local studies.
- We have published mandates for the provision of shared services in each borough, safeguarding each borough’s sovereignty to tailor shared services to local priorities.
Crucially, front line staff – whose hard work and commitment has been vital to making shared services work – are also seeing real benefits to shared working. Sally Connew, Stock and Audience Development Librarian at the Royal Borough of Kennington and Chelsea, when speaking about the Tri-borough World Book Night event held in April 2012, celebrated “We’ve got three boroughs working together; we’re able to think bigger and do these big events ... it’s something that I don’t think we would have done ... as individual boroughs.”

**Funds that go further**

In October 2011 we announced the first £1m of savings achieved by Tri-borough. Since then, we are on track to deliver £7.7m in 2012/13 and the overall savings target of £33.4m by 2014/15. We are also ambitious to save an additional £7m by 2015/16.

**Figure 1: breakdown of additional £7m savings**

As with any large-scale transformation programme there have been costs to transition. However, these costs have been carefully planned and managed to ensure that they are shared equitably and do not detract from the overall savings targets. Across all Tri-borough services, we currently estimate that we have jointly spent £2.5m excluding the costs of redundancies in 2011/12. Westminster and Hammersmith & Fulham account for approximately £1m each of this sum while Kensington and Chelsea pick up the remainder. Costs are shared on a number of bases. Some are shared evenly across the boroughs whilst others are shared in proportion to the share of savings a borough derives from the transition itself.

Combining £300m of shared services has been complex but through shared determination and political maturity we have ensured that the process has not got stuck and instead maintained momentum to achieve our shared ambition.
Reducing the number of senior managers

Last June we committed to reduce the number of senior and middle managers by 50%. Since then, 62 middle and senior management posts across Children’s Services, Adult Social Care and Libraries have been combined into 34 posts, saving over £2.6m million of taxpayers’ money a year:

- We have cut the number of senior management posts in Adult Social Care from 8.9 to 6, saving £297,000 in a full year.
- We have cut the number of senior management posts in Children’s Services from 14.5 to 7, saving £804,617 a year.
- We have cut the number of senior management posts in Libraries from 10.3 to 4, saving £345,235 a year.

We have also cut the number of senior management posts in the new Bi-borough Environment services shared by Hammersmith & Fulham and Kensington and Chelsea from 27.1 to 16.4, which will save £944,160 a year. The number of Directors of Human Resources across Kensington and Chelsea and Hammersmith & Fulham has also been cut from two to one, which will save £168,200 a full year; and there is now a Chief Executive shared between Kensington and Chelsea and Hammersmith & Fulham. We have also created a combined Director of Legal and a combined Deputy Director of Finance across Kensington and Chelsea and Hammersmith & Fulham, and launched a combined Tri-Borough Treasury and Pensions service.

In total, we have already reduced senior manager posts by 45% and, with further staffing restructures still to be completed, we are confident we will see the number of managers fall by at least 50%. And this from three councils that had already pared their management numbers down severely.

Using the market well

We are currently in competitive dialogue to secure additional savings from joint procurement on facilities management, finance and HR back office services. IT integration has been complex but where necessary work rounds are in place pending further integration, leading to expected cost reductions from purchasing at scale.

Significant savings are expected from combining client side functions and leveraging reduced costs from bigger contracts in Adult Social Care and Children’s work.

Deep compare and contrast

Having single management teams ends the often tedious debate about whether costs and delivery preferences can ever be compared. We now use techniques of deep compare and contrast to ensure the value from every pound is challenged and reviewed. Every month we find better ways of securing value, by standardising or adopting the proven practice of the most efficient and effective borough.
KEEPING THE TRUST AND SUPPORT OF RESIDENTS AND STAFF

Consistent and proactive communication internally and externally has reassured people and given us credit for showing leadership in tough times.

Residents’ reaction to sharing services

The idea of Tri-borough working developed in October 2011 out of the immense financial pressures facing local government. Residents were concerned whether their councils could continue to pay for adult social care and wanted to see us get smarter about how we spent public funds. As our joint survey of residents in March 2011 showed, our residents wanted us to reduce costs (54%) and provide higher quality services (42%).

Responding to the strong public and stakeholder support for sharing services; we stepped up to the challenge of working out how we could share resources to save money and deliver better services. There were critics whom we listened to and the proposals were improved through many hours of public debate and informal discussion. However, this was ultimately a test of political leadership and we needed to be prepared to advocate, sell and motivate to deliver these massive changes.

18 months after the original proposals were put together we have combined services worth over £300m, protecting and improving front-line services. Our success has been reflected in residents’ confidence in us. When we asked residents again in January and February 2012 what they thought of Tri-borough working, nearly three quarters (73%) continued to support some sharing of services between the three boroughs and nearly four in five (79%) residents said they were satisfied with the way their council was running the area, up from 77% in March 2011. However, we know that we can do more and we will continue to ensure we deliver great public services that make our funds go further.

Staff reaction to Tri-borough

We could not have achieved what we have so far without the hard work, dedication and enthusiasm shown by staff. We know that for some, Tri-borough has meant a substantial change which at times has created uncertainty and anxiety. For these members of our teams, our responsibility has been to ensure that the appointment process has been fair and open and that we keep on top of communications so there is little scope for rumour or misunderstanding.

However, for the majority Tri-borough has presented a hugely exciting challenge, the opportunity to look at different ways of working, and be at the forefront of something truly ground breaking.

After moving from Westminster to join the new combined Tri-borough Treasury & Pensions Team, Moira Wallace can see clear benefits: “Oh, it has to be sharing expertise! That is really invigorating. It will take a bit of time to get to know people but I’m sure that will come in time. [Tri-borough] has great potential.”
Henrietta Curzon, who has recently seconded to the joint team working on the Whole-Place Community Budget pilot, has found that "...having three local authority geographical areas put together and all those public services connected to those three geographical areas, enables us to explore those economies of scale that we wouldn't be able to do as single local authorities".

Moira’s and Henrietta’s views are reflected in the 1,500 responses to an on-line survey of staff conducted earlier in the year. 80% of those who responded supported sharing services, with 35% feeling that Tri-borough offered good career opportunities and 52% believing it would improve their knowledge.

Managing positive expectations

We know from the resident and stakeholder polls that people are aware of the Tri-borough project, support it in principle and expect to see better services and lower taxes as a result.

Critical to managing positive expectations has been proactive internal and external communications so that residents can understand the potential benefits, staff can be kept informed, and community leaders informed about the progress of the project.

Our first joint campaign, ‘Summer in the City’, offered over 200 summer activities to families across the three authorities. Our polling showed that residents welcomed this initiative and now think more highly of the councils because we have undertaken this joint work. In Westminster, residents who saw the Summer in the City campaign rated the authority more highly in key areas, including leadership, value for money and satisfaction.

Our campaigns have been supported by media relations that have successfully promoted Tri-borough in the national, local and specialist press. A recent feature in the Public Servant Magazine celebrated Tri-borough as ‘becoming a by-word for innovation...that is going to unlock savings and improved services’. Similarly, the appointment of Andrew Christie as the Tri-borough Director of Children’s Services won praise in the Guardian as a ‘radical reinvention of the way councils operate... delivering a new dynamic way of running this part of our world city’.

For staff, we have hosted a series of well attended joint events. The first of these brought together the top thirty officers from across the three councils to take stock of our progress so far and discuss the big strategic challenges. The second saw 100 managers meet to compare how their new combined teams were forming and think collectively about practical solutions to shared challenges and opportunities. There have also been a series of open events for all staff providing the chance to talk with the chief executives, executive directors and heads of service about the progress made in the first few months of Tri-borough working, share success stories and learn about the future direction for Tri-borough.
CONTINUING TO MEET HIGH EXPECTATIONS: WHERE NEXT FOR TRI-BOROUGH?

When you see the world differently and break new ground, opportunities keep coming. Across our services we are ready to put our hand up when Government wants to trial something new or encourage local authorities to step forward with new ideas.

The first year of Tri-borough has established extremely strong foundations for us to improve lives and make our funds go further. For instance, our work on care proceedings will ensure decisions about the future of looked after children are taken more quickly, reducing periods that we know are damaging to their development. The shared Fostering and Adoption Services will be able to recruit more foster carers and increase the number of placements it can offer.

We are ambitious to build on these successes and take on new responsibilities. We want to get more people into work, deter crime and join up health and welfare. We believe that we can use our combined approach to go beyond what we initially agreed last summer and deliver more jobs and investment for our communities.

Making the case to Government for a new model to fund key front-line services

Tri-borough has been awarded one of the Government’s four flagship whole-place Community Budget pilots. We are using the pilot to broker a new settlement between Whitehall and Tri-borough, enabling us to better use public funds at a local level to achieve the twin aims of reducing dependency and driving growth.

We will show how we can reduce dependency by simplifying how we support residents facing the most complex challenges, thereby reducing the demand they place on local public services and creating savings that can be re-invested to help disadvantaged communities. We will also show how we can incentivise and reward local authorities to drive growth in central London, creating new powers and freedoms to build affordable housing and support business growth.

An interim report will be presented to Ministers in July and final detailed proposals will be discussed with Government during the autumn.
Transferring power from Whitehall to Town Hall and beyond

Last year we committed to commission services and devolve power to people and community groups. We also undertook to share our learning across the three authorities and use that knowledge to help councillors shape the future of their neighbourhoods. We have made good progress to date and are ambitious to build on our success so far. This includes:

- Launching two employee mutuals. One to provide management and ICT support services to schools across the three boroughs and another to become a new provider of youth services.
- Using Personal Budgets to ensure that the people requiring longer term care can take as much control over their lives as their needs allow. For example, Westminster will continue to increase the number of people who are in receipt of a Direct Payment and within the next 18 months everyone who has longer term care needs, who is supported in the community, will have a personal budget.
- Extending ward budgets in two boroughs to support local action.
- Developing two of only 10 Neighbourhood Community Budgets in White City (Hammersmith) and Queens Park (Westminster) to challenge inefficient spending and get better buy in from local residents.

Leading a local renaissance in Public Health

Public Health is returning to the control of local government and we are ambitious to use this as an opportunity to build on some of the earliest achievements of local government in the promotion of public health improvements.

Work is underway to manage the transition and create a combined Public Health function across Tri-borough. This will see a single Director of Public Health appointed for Tri-borough and a new combined service created with responsibility for health improvement, health protection and the design of health services.
CONCLUSION: LESSONS FROM THE FIRST YEAR OF TRI-BOROUGH

Tri-borough is creating a new and different way of working – shared responsibility for three distinct areas, retaining democratic voice and local choice but cutting management in half.

Tri-borough working was born out of the acute financial pressure of much lower grants from central Government. We have shown how we are now saving £7.7m and are on track to achieve £40m worth of savings by 2015/16. However, saving money has been a means to deliver the ultimate aim of great local public services that improve lives.

These benefits, many of which we had not originally anticipated, have arisen across six key areas.

First, there has been a bonus from making savings as three councils, rather than on our own. We have greater choice of how to make savings, giving us greater scope to protect key areas, and more flexibility to spread management costs so we do not have to cut from the frontline.

Second, in areas where we have exceeded our savings target we will be able to recycle funds in future years thereby protecting services from further reductions in grant funding from Government.

Third, combining services has kept council tax low. In April, Hammersmith & Fulham was able to cut council tax by 3.75%, in large part as a result of the efficiencies being created by Tri-borough. Westminster and Kensington and Chelsea were both able to freeze council tax.

Fourth, by sharing services we have been better able to use spare capacity in one council to help others. For example, by sharing resource between the Parks Police and Parks Constabulary, we have been better able to ensure that support can be given to major events, such as the Japanese Emperor’s visit to Holland Park in May and the Queen’s Flotilla in June, without depleting frontline officers elsewhere.

Fifth, we have found that joint procurement, entailing honest comparison and fair challenge, has created benefits we would not otherwise have realised. For example, by jointly re-tendering our insurance arrangements we will now save £347,000 per year on our insurance bill.

Sixth, we have enhanced our collective reputation as three leading councils able and willing to take on new powers and responsibilities. We are one of the Government’s four flagship whole-place Community Budgets pilots and we will present a case to Government in the autumn for testing radical new approaches to funding front-line services.

We are also developing a radical new model of bringing together and devolving public services to a neighbourhood level in White City and Queens Park as part of the Government’s neighbourhood community budget pilots.
Tri-borough has broken new ground and there are many very real examples of how it has already delivered real benefits for the people we serve. For Seamus Oates, Executive Head Teacher Tri-borough Alternative Provision, the benefits are clear:

“As I looked back over what we’ve achieved since January [2012] … there’s been a lot of outcomes already. We’re seeing them from the delivery, with young people accessing learning, getting GCSEs results and exam results that perhaps they wouldn’t have got if we didn’t have the Tri-borough model.

“I’ve got a Year Eleven learner who had a problem and was not really able to attend [his current school any longer]. Before Tri-borough we’d have had to keep him at home, given him a home tutor, and to be honest that would not have been a particularly good solution for him. Because of Tri-borough we were able straight away to place him [at another school] where he’s able to continue accessing a full curriculum and he’s now sitting GCSEs – and he’s going to pass them.

“For that young person, Tri-borough has made a significant and really important difference in terms of facilitating his access to five plus GCSEs and progressing on from a difficult time in his life. Many other examples like that are beginning to happen and we’re seeing that again and again.”
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