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

Accompanies the Shared Service Toolkit – November 2012
Appendix A2 – Senior Officers
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

Efficiency Savings

Central Government

Local Government
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.
Drivers for Sharing Services

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.
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
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 £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
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.

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<tr>
<th>Ref</th>
<th>Question</th>
<th>Response</th>
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<tbody>
<tr>
<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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<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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<td>7</td>
<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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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**
- Urban traffic control
- Asset management
- Scheme design

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

**Management Services**
- 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 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 steps is covered in detail and includes case studies and examples wherever possible, from existing shared services as well as the challenges overcome and lessons learnt.
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 reluctance 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
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)