



Shared Services Summary Paper

Convention of the Highlands and Islands

October 2010

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1. Overview

- 1.1 This report aims to provide an update on shared services activity and progress within the Highlands and Islands area following the cancellation of the Convention of the Highlands and Islands in April 2010 due to the volcanic ash issue affecting transport. In order to ensure that the business of shared services remained high on the agenda within the Highlands and Islands, the Cabinet Secretary for Finance and Sustainable Growth was invited to attend the Convenors meeting on 27 May to discuss a potential shared services review for the Highlands and Islands.
- 1.2 The original shared services report that had been prepared for the Convention in April was circulated to convenors for their information and consideration and responses were invited. This report can be found at appendix one for background information. It was discussed further at the meeting on 27 May and received a positive response with the endorsement of the Cabinet Secretary. At this meeting, there was a desire to undertake a review in relation to shared services across the Highlands and Islands area and the Cabinet Secretary confirmed that Scottish Government would be happy to support the Highlands and Islands to address any barriers to shared services.
- 1.3 The meeting with John Swinney on 27 May was followed up by the Chief Executive and the Leader of Argyll and Bute Council to agree the next steps however a mixed response was received. The original proposal to carry out a shared services review is therefore now being taken forward as a shared services project by Argyll and Bute Council, Highland Council and NHS Highland. Responses from other local authorities indicated that it was not appropriate for all authorities to take part in such a review due to the shared services activities already underway, such as the Single Public Authority Model in Orkney, Shetland and Western Isles, as well as other initiatives which other partners are involved in. A summary overview of shared services activities and progress since April across the Highlands and Islands can be found below.

2. Shared services summary across specific areas within the Highlands and Islands

2.1 Argyll and Bute

A shared services project is now underway in Argyll and Bute. The council is looking at key areas for sharing services under three categories - leadership, front line service delivery and support services. There are two streams to this work, the first covering the Argyll and Bute area (incorporating police, fire, health/Community Health Partnership) and the second covering the Argyll and Bute and Highland areas (incorporating Argyll and Bute Council, Highland Council and NHS Highland). A list of shared services options has now been compiled for each of the streams and we have schedules setting out areas identified as being worth early pursuit, having longer term objectives, or not currently worth pursuing. As a result of this, we will therefore seek to target those areas of operation which offer the greatest opportunities as early as possible as well as taking forward sensible options that may require a longer timescale for implementation.

Stream One - Argyll and Bute Options

Argyll and Bute Council is seeking to share services within Argyll and Bute with all potential partners, beginning with community planning partners. This work is being taken forward by the Argyll and Bute Community Planning Partnership (CPP) Executive Sub Group, which incorporates senior officers from Strathclyde Fire and Rescue, Strathclyde Police, Argyll and Bute Council and NHS Highland. The CPP Executive Sub Group has a distinct remit to deal with the impact of the unprecedented financial and political challenges facing the public sector in Argyll and Bute. It will do

so by agreeing the joint priorities for the area and agreeing the way forward for shared services, whilst keeping wider partners informed of, and involved in, the shared services agenda. In addition, the group is tasked to agree on an appropriate monitoring and evaluation framework to assess the effectiveness of shared and integrated services and to agree the remit for the CPP Management Committee in reviewing this work in the future.

Argyll and Bute Council is sharing budget planning, transformation programme information and budget communications co-ordination with partners in Argyll and Bute. Key local options for consideration include the sharing of assets, customer service points and integrated health/ social care teams. More detail can be found in the table below.

Argyll and Bute Options

Leadership

- Joint management models (ranging from joint working to full service integration and governance) across health and social work - a paper on the long term vision on the provision of social care and health service in Argyll and Bute is being developed. It should be noted that we have a unique opportunity due to the boundary of the local CHP and local authority being fully co-terminous, as well as there already being a variety of examples of joint social care and health services across the UK

Front Line Services

- NHS and children and families/adult services could potentially be merged operationally as well as managerially in the longer term
- Strategic transportation such as sharing of public transport services (being considered along with fleet). Joint procurement of vehicles and joint support for the landing of air assets on remote island communities
- Shared document management/resources
- Joint waste management arrangements
- Potential for sharing local cleaning, catering and janitorial contracts
- Sharing offices and front desk customer service points

Support Services

- Potential co-location of Council and CHP headquarters
- Joint local asset management arrangements to be put in place (in terms of management and physical buildings such as depots/offices etc)
- Extend joint training provision between partners
- Joint payroll facility (consider with finance and transactional HR)

Stream Two - Argyll and Bute and Highland Options

Argyll and Bute Council is also seeking to share services in the wider Highlands area with key partners including Highland Council and NHS Highland. Within this stream, initial options for consideration include opportunities for elements of integrated back office and corporate teams (for appropriate generic streams), customer contact and information and potentially strategic transportation and social and health integration in the longer term. More detail can be found in the table below.

Argyll and Bute/Highland Options

Leadership

- Business/corporate improvement teams in discussions regarding a joint approach to taking business improvement projects forward
- Develop use of LAGAN and use of Resource-link jointly
- Potential for sharing policy employees and expertise
- Joint approach to communications key messages in relation to budget situation
- Integrated Resource Framework between Argyll and Bute and Highland Councils

- Potential sharing of HR, health and safety and employee/member development functions (starting with the sharing of expertise and software)
- Potential of carrying out joint internal audit activities
- Strategic transportation such as joint procurement of vehicles, joint lobbying and potential to share management of Corran Ferry
- Highland has a joint Director of Children's Services (health and social care) and future discussion about the practical extension of this arrangement to Argyll and Bute Council/CHP in the longer term

Front Line Services

- Reciprocal arrangements for hot desking in areas close to boundaries
- Development of shared policy and implementation of mobile/ flexible working arrangements for staff groups supported by new technology developments
- Share health promotion resources such as policy development
- Share enforcement elements of regulatory services - sharing specialist knowledge and sharing load in terms of initial assessments
- Potentially share accessibility of design teams in relation to capital programmes
- Sharing information on both councils' approach to customer management projects including contact centre, web development and out of hours contact
- Look at shared cultural services such as joint library management and service delivery (ordering/stock control). Work jointly on community halls projects (likely to go to community ownership)
- Welfare rights – sharing money/financial advice services
- Look at community safety partnership linkages and share road safety resources
- Elements of joint waste management arrangements (linking into joint arrangements between Moray and NHS Highland)
- Potential links into the joint Business Gateway arrangement between Highland Council and Moray Council

Support Services

- Joint IT procurement (e.g. upgrade of Oracle etc) and IT joint support. Benchmarking between the two councils to begin immediately
- Shared training in risk management
- Development of shared transactional HR and finance operations
- Sharing of strategic equality and diversity policy development across Argyll and Bute and Highland areas
- Joint energy procurement and carbon reduction campaign management
- Potential for linking up legal teams and sharing specialist expertise (e.g. employment law) to make potential savings on external contracts
- Potential for joint bio-diversity function across both councils

As part of both shared services streams in Argyll and Bute, the council is working with local partners and NHS Highland/Highland Council to develop a shared services governance model to provide a consistent framework for multiple shared services initiatives. This will provide the foundation for the development of a project initiation document to take the work on shared services between Argyll and Bute Council, NHS Highland and Highland Council forward. Peter Russell, as Argyll and Bute's Scottish Government Link Director, has been approached to act as project sponsor for this piece of work in order to formally ensure that the work between Argyll and Bute and partners can be shared as widely as possible across Scotland. The proposals in Argyll and Bute will take into consideration potential shared services work within other authorities (as outlined overleaf) and where opportunities for sharing more widely are identified, the relevant organisations will be approached.

2.2 Highland Council

Highland Council has agreed to explore how Shared Services can be developed with its local partners within the Highlands Public Services Partnership (HPSP), Argyll & Bute Council and Moray Council (as part of the North East Councils partnership).

In relation to the work with partners within Highlands there are already shared services projects underway with NHS Highland in relation to the Integrated Resource Framework (IRF) and Community Care Services. Some joint management arrangements already exist, in Children's Services and means are being explored to see if this can be extended to other services.

The Council also has a shared services project in progress with Northern Constabulary which has identified a number of opportunities for shared customer contact and call handling.

Discussions between Highland Council, Northern Constabulary and Highlands and Islands Fire Service have identified the strong argument for the development of a Single Emergency Service for the Highlands and Islands. This proposal presents an alternative model which partners are arguing should be considered as part of the national debate on the future model for delivery of police and fire services in the future. The opportunity for the creation of a single service by 2012-15 would allow for:-

- strong local governance and accountability remaining in the Highlands and Islands through one Board
- single back-office to join up support services for both police and fire
- potential for further integration of the Ambulance Service within NHS arrangements
- streamlined command and single operational arrangements and service delivery

Discussions with Argyll and Bute Council and NHS Highland are progressing and a list of potential opportunities, to be progressed further, has been developed, as referred to earlier in this report. These include specialist services e.g. legal, public protection, construction design and Business Gateway, joint procurement and sharing of ICT Systems and sharing best practice across Corporate Improvement Programmes to prevent duplication of effort in relation to business process re-design and system implementations.

In addition to this meetings are planned with Moray Council to discuss areas for potential shared services including shared management arrangements in some service areas and the development of an arms length leisure trust.

Members of Highland Council (at its Resources Committee in August) have discussed the importance of developing shared services where they present financial benefits and can improve the efficiency of service delivery. Members fully endorsed this approach and proposals will be report back to Committee.

2.3 NHS Highland

NHS Highland continues to work with national NHS Partners over a wide range of Shared Service Opportunities under the National Shared Services initiative which seeks to deliver benefit from the joint planning and delivery of key NHS systems. For some services, such as Finance, this may be through a consortia arrangement whereby all Scottish Health Boards are part of one of the four national consortia – Highland, along with Western Isles Health Board and others, being part of the

Tayside Consortium. Within other services, particularly those relating to the delivery of Clinical Services, NHS Highland works alongside its partners in the North of Scotland Planning Group – which includes the three Island Boards - to plan, deliver and develop clinical services over the larger population within the North of Scotland area. NHS Highland is working with the Island Health boards in the Western Isles and Shetland to plan the tendering and procurement of Internal Audit services from April 2011, and before firm commitments are entered into is also exploring the potential to link or share with Highland Council.

This national and regional NHS work is being developed alongside partnership work with both Argyll and Bute and Highland Councils which is referred to elsewhere in the report. This joint work may result from an ability to deliver local services in a more effective manner – such as Occupational Health, or from wider opportunities to plan and deliver certain aspects of service – such as local property maintenance / call-out contracts, IT infrastructure support, etc, or the ability to link expertise in areas such as Technical Services, Procurement, etc, or from opportunities identified in some services under the Integrated Resource Framework (IRF) project being undertaken jointly with Argyll and Bute and Highland Councils. Under the recently approved NHS Highland Vision, the Health Board has re-committed its aim to the deliver all services with improved efficiency – including the minimisation of waste and the maximisation of asset use – and the potential for joint working with Highland partners in appropriate cases provides a local opportunity to progress and deliver this Vision.

2.4 Orkney Islands Council and Western Isles Council/ Comhairle nan Eilan Siar

Orkney Islands Council and Western Isles Council/ Comhairle nan Eilan Siar are politically committed to taking forward the Single Public Authority model, and have already committed funding to taking this work forward. It is anticipated that progress in these areas would dovetail sufficiently with other shared services initiatives within Highlands and Islands, given that their aims and objectives are the same, and they are therefore happy to share information on their work and progress. More information about the specific work taking place in and around Orkney is provided in the paper submitted to the Convention by Orkney Island Council and NHS Orkney.

2.5 Shetland Islands Council

Shetland Islands Council outlined that it is in a similar position to Orkney Islands Council and Western Islands Council/ Comhairle nan Eilan Siar in relation to shared services. These councils have principally pursued the integrated localism approach, in the belief that this provides the most likely vehicle to progress shared services and public, and voluntary sector collaboration. The council highlighted the fact that work has extended to practical joint working on the ground with the potential for further development, especially with appropriate and creative engagement from the Scottish Government as observed by Orkney Islands Council and Western Islands Council/ Comhairle nan Eilan Siar. In addition, Shetland Islands Council is also progressing the Centre for Scottish Public Policy commission with the other Island groups and is equally happy for that to inform wider Highlands and Islands discussion and proposals and play an active part in the debate. The council has been discussing this whole area recently in the context of their ongoing efficiencies and improvement agendas and will seek to keep in close touch with Highland and Islands partners as this develops.

2.6 Moray Council

Activities in Moray have focussed largely on a Grampian wide perspective. Working in various ways, primarily with Aberdeenshire Council, Aberdeen City Council, NHS Grampian and Grampian Police has resulted in:-

- The establishment of a Child Protection Joint Committee;
- The creating of a Board to oversee data sharing across the three Councils and the Health Board;
- Joint procurement of road salt , energy and other commodities;
- Road safety planning on a pan Grampian basis

There has been an inability to progress any really substantive shared services within Grampian.

Representatives of Moray Council are also due to meet with their counterparts in Highland Council about the establishment of a Trust for leisure and related services and this will provide an opportunity to look at a wider shared services agenda. In addition, Moray Council shares its Business Gateway service with Highland Council through the wider 'Highland Opportunities' initiative. Moray Council has indicated that it would be pleased to share information on its shared services proposals with other authorities.

3. Next Steps and Recommendations

- 3.1 As this work progresses, updates will be provided to the convenors of the Highlands and Islands in order that information, opportunities and experience can be shared as widely as possible across the area to maximise any benefits from this work across the whole of the Highlands and Islands area.
- 3.2 With the above in mind, it is recommended that the Convention notes that:
- Progress has been made in developing shared services
 - Continued focus is required to ensure anticipated shared services benefits are realised through:
 - direct commitment to agreeing which are our priority areas for progressing
 - commitment to the development of the business cases via the adoption of clear project management approaches
 - establishment of an ambitious timescale for this work
 - moving forward to implementation of those business cases which are proven
 - A progress mechanism is agreed and adopted to ensure that progress is monitored on an ongoing basis and that any structural obstacles to shared services are highlighted to Scottish Government early
 - A full progress report on shared services will be provided at the Convention of the Highlands and Islands in March 2011

Appendix One – Shared Services in the Highlands and Islands

April 2010

Sally Loudon

Chief Executive, Argyll and Bute Council

Shared Services in the Highlands and Islands

Background

The key drivers for shared services have focused on improving efficiency and improved outcomes for customers. There have been a range of different options considered and explored. Many of the most effective shared services have been with small scale, local services. These projects have a lower profile, but are working in practice and delivering improved experiences for customers. Actual delivery of real large scale examples of shared services are, however, harder to find. The recent Clyde Valley Review highlighted this gap. Very few large scale projects spanning several organisations have been delivered.

Over the coming years, the status quo will simply not be an option for public service bodies dealing with budget cuts and rising customer demands. Future budget settlements will be premised on the assumption that new service delivery structures will be adopted which bring down the cost base of many public bodies. Put another way, if savings are not found through innovations such as shared services, we will have to find major efficiencies by other means or cut services. The forecasts of large reductions in public spending of 10-15% have placed greater emphasis on the need to extract the maximum value of benefit from every £1 spent. Where efficiencies were once a target amongst several, they are now the imperative if public services are to survive into the long term.

General lessons that can be learned from elsewhere are that:

- resources, energy and attention need to be focused on the financial challenges
- measurable benefit from shared services programmes has often appeared difficult to verify or to quantify – with consequent frustration about the value and pace of change
- the shared services approach is relatively untested apart from some small scale progress in support services which accounts for only 15% of spend
- given the scale of the public sector there is a delicate balance to be struck between establishing lean organisations which can retain the capacity to respond to future changes and support to the local economy
- public responsibility for key services at a local level is important in Scotland. Choices about what services are shared and how they should be shared, need to acknowledge this distinct ethos

The challenge for partners in the Convention of the Highlands and Islands is how do we translate good practice on the smaller scale into real results on a larger scale, whilst avoiding the potential trap of getting bogged down in extensive and expensive studies. How do we deliver practical action on shared services on a large scale in a relatively short timeframe along with commensurate benefits?

Recent studies

The recent reports on the *Clyde Valley Review 09* and *Democratic Power* have covered some of the ground already. They provide pointers for possible future action in the Highlands and Islands.

Clyde Valley review 09

The December 2009 Clyde Valley Review¹ report covered a lot of ground – albeit in an area very different to the Highlands and Islands. The Clyde Valley Community Planning Partnership (CVCPP) area has a population density of 525 per square kilometre and total population of 1.75 million compared to 9.5 per square kilometre and 369,000 for the Highlands and Islands.

The review focused mostly on councils sharing services between themselves, with sharing with community planning partners very much regarded as a secondary option. This differs from the Highlands and Islands where challenges are more often shared by different partners in a particular area, rather than by each type of organisation across the whole area.

Key areas highlighted by the review which are relevant to the Highlands and Islands are:

- integrated health and social care
- integrated social transport solution
- Joint and streamlined fleet management and maintenance
- Shared roads maintenance
- Property sharing and management in local hubs
- Developing a joint approach to the back office
- Joint workforce planning

Other areas such as integrated waste management shared by all partners are unlikely to be feasible or economic due to our geography. The Clyde Valley Review also considered a common charging policy/framework. It is suggested that this is not relevant in the Highlands and Islands where differing priorities, costs of delivery and varied local market conditions mean that a universal charging structure would be inappropriate.

Democratic Power report from Reform Scotland

The *Democratic Power* report² focused on non-departmental government bodies (NDPBs). The Scottish Government already has a commitment to reduce the number of NDPBs by 25% by 2011 and has taken action in this respect. There are 115 NDPBs employing 15,000 people that accounted for 43% of Government spending in 2008/9.

The key findings and recommendations reported by Reform Scotland are that there are issues with transparency and diminished accountability because of the way NDPBs are set up. There needs to be clear distinction between functions of government and what is done by organisations that are independent of government. Some functions could be brought back in-house so that ministers or local authorities are directly accountable. The main examples quoted are SEPA, Scottish Enterprise, Highlands and Islands Enterprise and VisitScotland. For example Visit Scotland might perhaps evolve into a small national marketing body within Scottish Government with local marketing by councils. It states that there should be a presumption in favour of functions being performed by local authorities, where appropriate, to ensure accountability to local communities.

¹ Clyde Valley Review 09 by Sir John Arbuthnott, December 2009 – commissioned by the Clyde Valley CPP

² Democratic Power published by the Reform Scotland think tank in February 2010

Shared services in the Highlands and Islands

Both the above reports provide a sound basis for considering how shared services could evolve across the Highlands and Islands. Below, we set out some examples of existing shared services arrangements within the Highlands and Islands and highlight the scope for extending these further.

There are some key conclusions to draw from the current examples of shared services in Highlands and Islands. In many cases sharing is across different strands of the public sector. This kind of cross-sectoral working does not match the normal pattern of shared services and the case for cross-sectoral working is much stronger for rural and island communities. It cuts across the traditional framework of government organisational boundaries and funding streams, and offers the scope to meet both financial and service objectives as well as minimising impacts on local employment. This is clearly the best way to deliver efficiency savings, improve customer outcomes and minimise local economic impacts.

There are some particular factors for the Highlands and Islands to consider:

- varied organisational boundaries – especially for Argyll and Bute and North Ayrshire Councils where co-terminosity is weakest
- high dependence of local economies on the public sector
- lack of a population centre on the scale of Glasgow or Edinburgh that can act as a focus and resource for change
- some communities access many services based outside the area, especially in the south where there are strong links to the Glasgow conurbation
- weak or no commercial markets for service provision in the more remote areas

Integrated health and social care

Orkney

In Orkney, a formal agreement was concluded in December 2009 to move to a Community Health and Social Care Partnership (Orkney Health and Care) to facilitate the delivery of joint health and social care services from 1 April 2010. A Community Interest Company has been created, jointly owned by NHS Orkney and the Council, to progress a number of joint build projects. This overcomes a number of legal hurdles where the different legal status of councils and NHS bodies means that a limited liability partnership is not possible between a council and NHS. However, councils are able to recover VAT on services charged by the company but the NHS cannot reclaim VAT.

Mid Argyll Community Hospital and Integrated Care Centre

This is a partnership between the Argyll and Bute CHP and Argyll and Bute Council to locate hospital, GP, dentistry and social work services on one site. Services previously provided from different sites are now located in a modern facility with improved access.

Jura Progressive Care Centre

This is a £1.8 million development to help the older residents of Jura remain on the island. The project consists of a care centre with a communal lounge, dining area and kitchen, five self-contained one bedroom properties, a respite facility and six general needs properties for the community. The project is a partnership that involves Argyll and Bute Council, Argyll and Bute CHP, The Scottish Government, West Highland Housing Association, the Highlands and Islands Community Energy Company and Ardfin Estate.

Mull Progressive Care Centre

Building on the experience from Jura and Mid-Argyll, the centre will replace the Dunaros Residential Care Centre and Salen Hospital with a centre offering 12 individual supported tenancies and a modern hospital, together with a range of other health facilities. Construction is due to be completed in 2011. The scheme is a partnership between Argyll and Bute Council, NHS Highland, the Scottish Government, West Highland Housing Association and the Mull and Iona Progressive Care Centre Company (a social enterprise).

Integrated Teams

In Argyll and Bute, the teams for learning disability services are fully integrated between the local authority and the CHP, with budgets and managers being shared. Occupational therapists also work as part of a joint team with shared budgets and a single shared store for aids and adaptations.

In the Outer Hebrides, Comhairle nan Eilean Siar and NHS Western Isles have come together to deliver community care and related services through a joint decision making body, the Joint Services Committee. The Community Health and Social Care Partnership, one of the first in Scotland to be created on an integrated health and social care model, provides the policy input which informs decisions by Joint Services Committee on finance and the implementation of policy. A single shared assessment model is fully in place for all Adult Care Services, and the Board and the Comhairle continue to work together on development of, a strategy for older people and the provision, and funding of elderly care services in the Outer Hebrides.

HUB

Highland Council and NHS Highland are developing the HUB to bring together Ambulance, Tele-health and care and the Out of Hours Service. This could be in relation to the protection of children, preventing admission to care, preventing admission to hospital providing emergency support/ intervention to people with acute mental illness etc.

Potential Future developments

There are particular challenges to address the growing personalisation of care reflecting the national policy commitment to enable individuals to decide on the type of care they need and to purchase it direct. The local councils and CHPs need to work even more closely with third sector / social enterprises and commercial agencies to produce a comprehensive approach to commissioning care packages and ensuring that what is supplied matches closely with the needs of the different client groups and is provided at a best value cost for all. Local needs vary, reflecting local populations, making this a very complex area where many partners need to work closely together.

Integrated social transport solution

There are no current examples of sharing in this area. Given the geography of the Highlands and Islands and thinly spread resources for each partner, a partner based approach for each local authority area could deliver an excellent service locally with improved vehicle utilisations. This is an area of significant spend for social care and education, the ambulance service, police and fire, forestry commission, SNH and other partners. We struggle individually with achieving high vehicle utilisation, and with funding comprehensive satellite vehicle tracking. Standardisation of a vehicle fleet could assist an integrated solution.

Joint and streamlined fleet management and maintenance

Again, there are no current examples although Highland Council and Northern Constabulary have identified this as an area to explore jointly. Options to explore could be partners sharing local depots for maintenance and a single fleet management structure in each area. Vehicle procurement can be delivered via Scotland Excel using established processes and contracts.

Shared roads maintenance

This applies to Councils for local roads and Scottish Government for trunk roads contracts. Although some sharing should be done at a national level for certain areas of expertise such as roads design, there is surely scope for better co-ordination at a local level rather than having, for example, separate gritting for trunk roads and local roads with gritters travelling for miles without gritting simply because of different contractual arrangements. Whilst the same drivers apply as elsewhere in Scotland, sharing would be particularly beneficial to the Highlands and Islands due to the length of the roads network. A shared local service could potentially provide improved demand forecasting and enhanced forward planning and programming of works and services, better utilisation of call-off contracts and better specialist vehicle utilisation.

Property sharing and management in local hubs

Scotland's Environmental and Rural Services (SEARS) is a partnership between 9 public bodies aiming to improve experience among land managers by working together to provide an efficient and effective service. The SEARS partners are developing a Code of Connection to allow opportunities for people to access their parent IT services from other SEARS offices. There has been some work across the Highland Council area to share information on assets, their utilisation and expected future demand for buildings and office space. Other options being considered are co-location opportunities in a number of locations for SEARS and joint maintenance management of property portfolios to be piloted by Scottish Natural Heritage and the Forestry Commission.

Catering, cleaning and janitorial

Highland Council are working with Northern Constabulary to look at options for joint services in this area. Similarly Argyll and Bute Council are working with Argyll and Bute CHP to look at joint provision of services. There is clearly potential for a local model covering a range of partners on a local basis.

Housing

Home Argyll / Highland Housing Register

Home Argyll is a partnership of the Council and the four local housing associations operating in Argyll and Bute. The project offers a common housing register and application process to ensure consistency and fair allocation of social housing. The service also provides information on a range of housing issues, including renting from housing associations or private landlords, owning a home and housing support. The Highland Housing Register is a partnership between the Council and registered social landlords very similar to Home Argyll. The Council has developed a shared housing allocations policy and IT system so that all applications for housing are dealt with consistently, in order to make it easier for customers to apply for housing.

Highland Housing Alliance

A private limited company co-owned by Highland Council and a number of registered social landlords and trusts. The company has proved to be successful in promoting housing development that otherwise would not have occurred.

Education

There are opportunities to deliver joint working in specialist areas such as psychological services, curriculum development, strategy for roll-out of GLOW, development of school estate strategies etc. There may also be some scope for joint management of supply teachers across local authority boundaries. Education transport should be included in an integrated social transport solution.

Developing a joint approach to the back office

Pathfinder North / ICT

This was a £70m programme to deliver broadband services to 850 sites across five Councils (Argyll & Bute, Highland, Moray, Orkney Islands and Shetland Islands) which was fully rolled out in December 2009. Within the next 1-2 years partners will need to consider procurement process for the next contract period and should consider whether this should be done across all sectors rather than just for the local authorities. The current network is a mix of fibre in the main towns with a wireless backbone. There should be considerable efficiencies in doing this once across the whole of the public sector.

There are opportunities to consider sharing desktop support engineers on a geographic basis – sending the closest person to support a physical desktop where an on-site visit is needed. No doubt all partners are actively exploring ways to maximise remote support – such as rolling out virtual desktop infrastructure and struggling to make the business case for such strategies. Consideration should be given to sharing expertise in these highly specialist areas and putting shared arrangements in place.

Scottish Shared Services for Revenues and Benefits (previously NOSLA)

A feasibility study has been carried out into a shared service for delivery of revenues and benefits services across Aberdeenshire, Argyll and Bute, Comhairle nan Eilean Siar, Highland, Moray, and possibly Aberdeen City Councils. The project has applied to the Scottish Government for pathfinder funding for implementation as this would be the first shared service to be delivered on a virtual distributed model – rather than based on a single central location. This model is particularly attractive to our rural communities as it minimises the impact on local jobs and takes advantage of modern ICT infrastructures in a radical way. The project has taken several years to reach the current position due primarily to uncertainties over the future of local taxation resulting in the financial return being subject to a relatively high level of risk for local authorities. A response has recently been received from the Scottish Government which is supportive of Councils taking the project forward, but with no further funding from the Scottish Government. The Convention is supportive of these shared services proposals. It recognises the important role that the Scottish Government could play in helping these move to successful implementation and seeks further engagement with the Scottish Government on this. It also notes that future shared services proposals will need to happen on a much shorter timescale.

Financial Services

Highland Council provides a range of services for other organisations, including internal audit services, insurance and accountancy services.

Procurement

At a national level, all public sector bodies can participate in contracts let by Procurement Scotland. There are various centres of procurement expertise at a sectoral level including Scotland Excel for local authorities, CGCOPE for NDPBs. Within Scotland Excel, Highland Council hosts a regional office, and manages certain procurement for Northern Constabulary and Highlands & Islands Fire & Rescue Service. Argyll and Bute and North Ayrshire Councils however are affiliated to the West of Scotland regional office

which reflects where the majority of their suppliers are based. Scotland Excel is therefore well placed to support regional non-sector specific procurement requirements.

Joint workforce planning

There are a number of areas where specialist staff could be shared to mutual benefit across a few or several partners. This could include specialist financial and legal advice, IT, occupational health, roads design, personnel, customer management amongst others. Sharing could be limited to assistance in strategy development or extensive with a small body of highly expert staff providing services to all partners.

It is clear that the nature of the work of the public sector is changing and that new skills and flexibility are required. Public sector bodies run the risk of losing key expertise. Working jointly can mean improved career opportunities can be provided. New opportunities in home, remote and flexible working mean that individuals can be helped to work locally reducing their carbon footprints, but also spend more time serving customers, and potentially providing a wider range of services on behalf of several partners.

Integrated Service

The approach in the Outer Hebrides is already very much focused on what might be called "integrated localism" ultimately moving towards a single public authority for the Outer Hebrides, comprising all public sector organisations. Single Public Authorities are one example of where it may be possible to achieve better outcomes - better quality of provision, a more integrated and accountable service provision, provided more efficiently and with greater engagement of the local community. All three Islands Councils see this as the most suitable way forward, and are committed to further work, with some modest consultancy help, to bring these proposals to the table.

Conclusions from current Highlands and Islands examples

There are some key conclusions to draw from the current examples of shared services in Highlands and Islands.

- The shared services proposal for revenues and benefits could be a pathfinder for a shared services model that is particularly suited to dispersed rural communities. If successful it could become a model that results in economic regeneration opportunities, taking advantage of the relatively well educated, IT literate workforce in the Highlands and Islands.
- The actual shared services examples vary across the area. There is significant scope for learning from the successes and putting effort into replicating these with appropriate local modifications elsewhere.
- All parts of the Highlands and Islands are focused on cross sectoral working – there appears to be an agreement that this is the best way to deliver efficiency savings, improve customer outcomes and minimise local economic impacts.
- In practical terms any project needs to focus on certain critical success factors, particularly in agreeing a common purpose, alignment of budgets and timescales, and being prepared to invest in feasibility and development work.
- The Highlands and Islands broadband pathfinder project should be an important enabler to broader sharing across the Highlands and Islands area. The potentials from this have yet to be explored.

Lessons from elsewhere – the Total Place Pilots

Total Place is a new initiative that looks at how a "whole area" approach to public services can lead to better services at less cost. It seeks to identify and avoid overlap and duplication between organisations – delivering a step change in both service improvement and efficiency at the local level, as well as across Whitehall. There are 13 pilot areas participating in the scheme – all in England. The aims of the Total Place pilots are to:

- Make changes to services that can improve the lives of local residents and deliver better value
- Deliver early savings to validate the work
- Develop a body of knowledge and learning about how more effective cross-agency working can deliver the above.

The pilots are each led by the local authority for each place, but involve a wide range of public sector partners – there is quite a lot of variety between the pilots. Some are clearly local authority focused, others are much broader and point to better public sector collaboration. The range of organisations involved include local authorities, NHS, Police, Fire, Government regional offices, Learning and Skills Councils, Universities and colleges, Regional development agencies, Chambers of commerce, DWP and Jobcentre Plus, Probation service, Crown Prosecution Service, HMRC, Ministry of Justice and the Third Sector.

Each area picked a theme and then looked at it from the differing total place strands of counting (mapping the flow of public money through the place), culture (how we do things at the moment) and customer needs (to better understand these needs and identify opportunities for collaboration between agencies on service redesign and use of resources).

The pilots have only recently reported and have yet to realise the potential of their plans. However there is already general consensus that assessing, prioritising and responding to the needs of a place on an integrated co-ordinated fashion is intrinsically rational and sensible, and discussion of the need for Super Area Agreements to bring real freedoms to vire funding across the boundaries of agencies in return for delivering agreed outcomes.

Strengths within the Highlands and Islands

Sir John Arbuthnott identified that “*organisations working on shared services need to acknowledge and address a number of cultural, democratic, organisational, legal, procurement and financial challenges*”. Whilst this is undoubtedly correct there are characteristics unique to the Highlands and Islands that can act as a driver and resource to enable change. These include:

- The common physical challenges in each area have generated common understanding and experience of the key issues related to service delivery
- There are close community links and networks that cross organisational boundaries – people living in these areas are used to finding solutions to seemingly difficult problems
- There are many shared activities – sometimes formally arranged, often informally organised on a very local basis
- There is a strong attachment and loyalty to the areas within the Highlands and Islands – people take a strong interest in what affects their communities.

Shared services in the Highlands and Islands – our focus?

Areas to consider

The practical decisions on where to focus attention can be sub-divided based on whether a potential shared service is dependent on a physical location or not, and whether there is scope for pooling expertise that is hard to acquire or spread too thinly at present or anticipated for the future.

The following areas are proposed for consideration:

- Location dependent services (usually by council area)
 - Integrated health and social care service – building on the experience in Orkney, Western Isles and Moray to create more integrated Community Health and Social Care Partnerships (CHSCP)
 - Increased local integration with HIE/Scottish Enterprise, VisitScotland and SEPA in a similar way to integrated health and social care

- Single social transport solution
- Joint and streamlined fleet management and maintenance
- Shared roads maintenance
- Property sharing and facilities management (catering, cleaning, janitorial, energy management etc)
- Services not dependent on location
 - Developing a joint approach to the back office
- Pooled/shared expertise
 - Integrated waste management
 - Roads design
 - Joint workforce planning
 - education authority expert support functions
 - Specialist aspects of legal, planning, trading standards, environmental health etc

There is also scope to look at other possible partners and service providers, for example links with social enterprises, building on development work undertaken by Argyll and Bute Council and links with Carnegie UK Trust outlined at the last Convention in Dunoon.

Models to explore / Key principles

There is no single best approach to shared services. The diversity of the Highlands and Islands demonstrates this with the mixed approaches already evident. There is a clear preference within this mix for cross sectoral work in each area – a reflection of the practicalities of working with day-to-day challenges of the Highlands and Islands.

The approach to shared services in the Highlands and Islands should focus on the following key principles:

- Cross sectoral initiatives for the majority of services
- Region wide shared services only where there is a compelling case such as the broadband pathfinder
- Common IT infrastructure is a major enabler to developing shared services
- Sharing of expertise which is in short supply where local demand is low
- Early agreement of common priorities and objectives
- Preparatory work to ensure that we have proper baseline measures in place linked to our priorities and objectives against which to measure progress
- Providing clear commitment to direct further change and to drive it in the right direction at a faster pace than has been achieved so far in Scotland.
- Ensuring that different governance structures do not become a barrier to moving forward
- Recognising our responsibilities to the communities we serve – to ensure that people feel services are local to them and that they have influence over the planning of those services and that the economic impact is significant
- Being sensitive to the fact that the public sector is a relatively high proportion of the economy in rural areas and the need to plan and manage the impact of changes, particularly reductions in public sector employment.

These proposals pick up on three policy aspirations for rural and islands Scotland

(a) The reform of Public Service Delivery generally in the direction of maximum subsidiarity;

(b) Greater democratic accountability; and

(c) A counter balance, perhaps, to possible Public Sector Reform based around "city regions".

It is this combination of greater democratic accountability, coupled with the move from service design and delivery models created in times of growth to more streamlined services that should be able to drive continuous improvement through a prolonged period of financial restraint.

Next steps

Convention partners are invited to consider their appetite for undertaking a significant piece of work to drive shared services forward in a consistent and cohesive manner across the region. It is clear that there are considerable economic drivers which are pushing us towards this course of action, and considerable consensus elsewhere that this is an appropriate direction of travel. However it is also clear that there are very few large scale successful shared services projects which can be used as templates to drive change faster. If the Convention wishes to see progress in this area, then the next steps would be to agree a clear direction and remit with common expectations and then commit appropriate resources to take this agenda forward. It is proposed that the Convention considers setting up a review similar in scope to the Clyde Valley review but with a greater emphasis on cross sectoral initiatives in line with the key principles set out above.

The Clyde Valley Review had an indicative budget of £200k. Each of the councils agreed to cover the costs of their officer time committed to the project. This resulted in a final spend of less than £50k for the cost of Sir John Arbuthnott and design/publication of the final report. Two officers were seconded to the project full time, with other input being on a part-time basis. Accommodation and IT support were also provided free of charge by one of the councils. This gives us a strong indication of the level of resource that a similar review across the Highlands and Islands would require. This information is provided to illustrate the likely financial and human resources required.

It is noted that the three Islands Councils are politically committed to taking forward the Single Public Authority model, and have committed some funding to taking this work forward. It is expected that these two exercises should dovetail together.

Specifically, Convention would require to consider the following:

- coordination and overview on a Highlands and Islands basis for the overall programme of activities and specific projects covering the Highlands and Islands
- local governance arrangements in each area
- consultation and engagement – with employees and local communities
- the balancing of financial objectives with the social objectives and responsibilities of the different partners (including local economic impacts)
- equalities impacts

In order to facilitate this, it is proposed that the partners are asked to decide if they are happy to commit to a review for the Highlands and Islands and provide appropriate resources for this. The review should ideally be completed within a 4 month period.

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