

CABINET

23 JANUARY 2014

REPORT OF THE LEADER OF THE COUNCIL

A MEMORANDUM OF UNDERSTANDING TAMWORTH BOROUGH COUNCIL & LICHFIELD DISTRICT COUNCIL

PURPOSE

To seek Cabinet endorsement of a Memorandum of Understanding (MoU) relating to potential shared services with Lichfield District Council.

RECOMMENDATIONS

That Cabinet endorse the attached Memorandum of Understanding thereby securing future shared service opportunities with Lichfield District Council.

EXECUTIVE SUMMARY

This report seeks to place an existing, informal arrangement and commitment onto a more secure footing and thus provide each Authority with the initial option of pursuing a shared service arrangement with the other. **This is neither a contractual agreement nor a legally binding arrangement.** The MoU is viewed as a clear demonstration of trust and confidence and a commitment to build upon existing successes.

RESOURCE IMPLICATIONS

Whilst there are none arising directly from this report, it is anticipated that elements of technical and legal support may be necessary subject to the scale and scope of the shared service in question.

Similarly, the establishment of a critical mass of partners for a shared service may be dependent upon compatible ICT platforms and operating systems. Any resources would require to be justified via a Business Case or evidence of an 'Invest to Save' efficiency.

LEGAL/RISK IMPLICATIONS

There are none arising directly from this report or the recommendation.

SUSTAINABILITY IMPLICATIONS

There are none arising directly from this report.

BACKGROUND INFORMATION

Tamworth Borough Council and Lichfield District Council enjoy the benefits of several shared services arrangements as acknowledged in the recent Peer Challenge initial feedback. These include:

- **Joint Waste & Recycling**
- **Corporate Health & Safety**
- **Building Control**
- **Business Support & Advice**

BACKGROUND PAPERS

Shared Service Arrangements
MTFS
Sustainability Strategy
Peer Challenge Feedback

REPORT AUTHOR

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Chief Executive

Should members require any further information or clarification prior to the meeting then please contact:

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1 BACKGROUND & CONTENT

Like all council's across the country, both authorities are facing significant and continued financial challenges. In order to meet those challenges, both councils are committed to exploring innovative ways to maintain vital services whilst reducing costs and achieving efficiencies.

It was with this in mind that the Cabinet members from Tamworth Borough Council and Lichfield District Council met to discuss the potential benefits of closer working relationships built upon very real successes of existing shared services such as the Joint Waste Collection arrangements.

After due consideration and debate, it was agreed to place an informal and 'in principle' arrangement on a more secure footing in the form of a 'Memorandum of Understanding'. (Attached as **Appendix B**).

2 SHARED SERVICES

There are many forms of shared working that can be put in place between two councils and most are probably in operation in one form or another somewhere in the country at the present time. These range from formal shared management teams and shared decision making to service level agreements for combined service delivery.

One option is that opportunities for shared services are taken up with anyone at anytime and assessed on an individual cost benefit basis. This results in each service being looked at on its own merits and a 'mixed economy of service delivery evolves (much like we have now with numerous shared approaches to services with various partners).

Another option is to have a 'preferred partner'. i.e. when opportunities through staff departure or change arises the service will be looked at as a potential for sharing and redesign with **one** other council. Thus, over time, synergies, efficiencies and a closer working relationship and culture develop. Whilst this would take time, in terms of the long term intentions for a closer overall working relationship, there are advantages in terms of shared culture as well as economies of scale.

Sharing the delivery of services can have many benefits but it must also be appreciated that in bringing together services you also bring together different cultures, staff terms and conditions, processes, practices and judgments about what a service should be and how it should be best delivered. Over time each council will have refined and developed its own processes not only to meet the specific needs of its unique population but also to make its own efficiency savings over the last 5 -10 years of local government change.

Recognised nationally as an essential component of local government, 'shared services' has much press coverage and always features highly in articles and lists as to how costs can be reduced. Where the same process

is delivered to a customer – such as the collection of waste bins and where there is agreement on the standard and level of service to be delivered, economies of scale are certainly possible, as demonstrated by the successful shared waste service between our two councils. Savings can be made in management costs and service standards can be improved through greater resilience and new opportunities for process improvement. However unit costs for a service per head of population, or per household, may vary widely when the nature of the council – its size, geography and demography - is taken into account.

Whilst a move towards shared services can offer savings and service improvement, it would be a mistake to think that this will solve the financial challenges that we face or be the right way forward on all service areas. It is but one activity that should be rightly pursued in our Sustainability Strategy Workstream.

MEMORANDUM OF UNDERSTANDING

1. Purpose of this Memorandum of Understanding

1.1 The purpose of this Memorandum of Understanding (referred to in the remainder of this document as MoU) is to:-

- (a) set out in simple, non legalistic, terms the way that the partners to the MoU will work together
- (b) clarify and record any responsibilities of the partners to the MoU individually and collectively, including to each other

2. Who are the partners to the Memorandum?

2.1 The partners to the MoU (referred to in the remainder of this document as the Partners) are:-

Tamworth Borough Council
Lichfield District Council

3. Status of the Memorandum and the partnership

3.1 The MoU is an operational document. It is not a formal or legally binding contract.

3.2 The Partners, individually and collectively, have (by signing the MoU) agreed to use all reasonable endeavors to comply with the terms and spirit of the MoU. They will not be obliged to undertake expenditure without that being agreed by them as individual partners except where they each agree to commit funding of a specific amount (one-off or annually) to be pooled.

3.3 By agreeing the MoU the Partners are expressing their clear intent to work more closely together and the officers of each authority are encouraged and empowered to work up potential joint working and shared staffing arrangements to be presented and judged on a business case basis for consideration.

4. Key principles

4.1 The Partners, individually and collectively, have (by signing the MoU) agreed the following key principles :

- The Partners wish to seek efficiencies and service improvement through closer working and joint service development;
- The Partners wish to retain their unique decision making powers and democratic independence;

- The Partners wish to retain their distinct character and identity;
- The Partners agree that the objectives of working more closely together include:
 1. improving services for customers
 2. delivering efficiency savings
 3. increasing resilience of services whilst retaining independence
 4. identifying and delivering best practice
 5. Increasing influence in LEP activities and other sub regional bodies, whilst recognising the right of each Partners choice in LEP membership.
- Actions and decisions as to what to recommend to individual Partners should reflect what is in the best interests of all Council Tax payers and the implications for individual Partners within the geographical area of Lichfield & Tamworth, and take into account what is fair and equitable for each Partner. Savings might not always be made by both councils on every service – but that overall the final costs for both councils should be less than now;
- The Partners accept there may be areas where contractually services cannot be shared immediately - e.g. where there are existing contractual arrangements of shared service arrangements with other councils etc. but on review of those existing contracts and arrangements the option for shared service with the other Partner should be considered as a preferred option;
- Where shared service options are to be considered or service reviews are to take place The Partners undertake to advise the other accordingly and invite a joint approach to the review to be adopted and shared service solutions investigated with each other as the preferred option;
- The Partners accept that in some cases when review work is done the costs and implications of a shared service approach will be such that as an individual council they do not wish to proceed with that proposal; there is no creation of a commitment to share all services at any cost;
- To work together in a spirit of mutual trust, support and respect, and to ensure that when difficulties or differences of opinion arise they are addressed quickly, honestly and openly, if necessary by holding a Joint Meeting with Leading Members and Chief Executives.

4.2 The Partners have agreed to make sure that they jointly agree how, and when, they communicate any issues arising from the MoU with any stakeholder group. They also agree to communicate honestly and openly with each other.

5. **Period of the Agreement**

5.1 It is anticipated that this agreement will require review on a regular basis and at least annually.

Signed

Leader Tamworth Borough Council

..... Date

Leader Lichfield District Council

..... Date

Chief Executive Tamworth Borough Council

..... Date

Chief Executive Lichfield District Council

..... Date

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