

**BROMSGROVE DISTRICT COUNCIL AND REDDITCH BOROUGH COUNCIL**

**SHARED SERVICES BOARD**

**27th OCTOBER 2009 at 6.00pm**

**THE COUNCIL HOUSE, BROMSGROVE**

**PRESENT:**

Councillors Carole Gandy (Chairman), Bill Hartnett and Malcolm Hall (Redditch Borough Council)

Councillors Steve Colella, Geoff Denaro and Jean Luck (Bromsgrove District Council)

**Officers in Attendance:** Kevin Dicks, Sue Hanley, Deb Poole, Jackie Smith and Karen Firth.

1. **WELCOME AND INTRODUCTIONS**

The Chairman welcomed everyone to the meeting, particularly Councillors Steve Colella and Geoff Denaro who were attending their first meeting as new members of the Board.

2. **APOLOGIES**

Apologies for absence were received from Councillors Roger Hollingworth and Colin MacMillan.

3. **MINUTES OF LAST MEETING AND MATTERS ARISING**

The minutes of the meeting of the Board held on 8th September 2009 were confirmed as a correct record.

There were no matters arising.

4. **COST SHARING PRINCIPLES AND ACTIVITY BASED COSTING FOR ICT AND CCTV/LIFELINE BUSINESS CASES**

Mr. Dicks reminded the Board that when it had approved the Business Cases for ICT and CCTV/Lifeline in principle, this had been subject to further work being undertaken with regard to core principles for costs/savings arising from Shared Services and Activity Based Costing.

In this regard it was proposed that any severance costs be split 50/50 between the two Councils, as had been the practice up to this point, but that Pay in Lieu of Notice and accrued annual leave be met by the current employing authority. It was further proposed that up front investment costs (that were required to enable a Shared Service to be implemented) be split 50/50 between the two Councils. However, where one Council had already invested significant amounts in order to improve service delivery, the costs associated with the other Council reaching that same level be deducted from the investment costs with the remaining costs then split equally.

With regard to Activity Based Costing, Mr. Dicks emphasised that the proposals set out in the report were preliminary as much more detailed work would be needed. At this stage it was proposed to base these on the principles of direct costs (salaries and direct related expenditure) for each service area which would then be apportioned between the two Councils based on a unit cost. Support services and capital costs would be excluded for the calculation of the cost pending further detailed work.

It was noted that if these cost sharing principles were agreed, the cost sharing model for payroll, elections and community safety would need to be revisited.

During the discussions a further guiding principle was proposed that any income already achieved by each Council in relation to service delivery be retained by that Council but that any additional income generated by a shared service be shared equally between both Councils.

With regard to the ICT Business Case, the Board considered the breakdown of direct costs for this shared service as detailed in the report which were based on the principles in relation to Activity Based Costing as referred to above. In response to a Member's query, explanations were provided on why the costs for ICT equipment, applications and technical support/maintenance differed between the two Councils.

With regard to the CCTV/Lifeline Business Case, the Board considered the breakdown of direct costs for this shared service as detailed in the report which were based on the principles in relation to Activity Based Costing as referred to above. A further explanatory summary of the current budgets, proposed new service costs/savings, shown split between the two Councils was tabled and Members received a verbal explanation of how the direct costs figures had been calculated. Councillor Denaro drew the Board's attention to the views expressed by Councillor Hollingworth with regard to the direct costs/savings figures presented and in his absence suggested that this matter be deferred for further consideration at the next meeting. Mr. Dicks emphasised the point that it would not be possible to generate savings without a shared service.

**It was AGREED:**

- (1) that the Shared Services Board recommends to Bromsgrove District Council and Redditch Borough Council:**
  - (a) that approval be given to the principles for the sharing of cost/savings arising from Shared Services/Joint Working initiatives between the two Councils as referred to above and set out in the report;**
  - (b) that approval be given to the additional principle that any additional income generated by a shared service be shared equally between both Councils;**

**(c) that approval be given to the sharing of savings for ICT as set out in the report;**

**(2) that consideration of the direct costs and sharing of savings with regard to CCTV/Lifeline be deferred to the next meeting of the Board.**

5. **PROGRESS REPORT**

Member received a progress report on the overall Shared Services project including quick wins, medium term wins, progress with regard to the single management team proposals, the Worcestershire Enhanced Two Tier (WETT) Programme and other areas of joint working. Mr Dicks highlighted key points and responded to Members' comments and questions.

Mr Dicks advised that Wyre Forest District Council had appointed a new Chief Executive and it was hoped that this would assist future engagement with that authority on joint working.

Single Management Team

Mr Dicks advised that he would shortly meet with the two companies he had shortlisted out of the five who had been invited to submit proposals regarding the provision of external support in the recruitment process, and he would then decide which to engage. A mock assessment centre would be arranged for the benefit of managers who lacked experience of these and appropriate Member training provided. With regard to the financial implications it was proposed that a capitalisation direction be pursued with regard to the potential expenditure on severance costs, although a successful outcome could not be guaranteed.

WETT Programme

Mr Dicks advised that the Business Cases for Regulatory Services, Property Services and Internal Audit were almost complete and that the Redditch/Bromsgrove bid to host Regulatory Services was in 'pole' position but this was subject to detailed consideration of the Business Case.

Financial Implications

Mr Dicks referred to the savings detailed in this section of the report and reiterated that the position with regard to payroll, elections and community safety would need to be revisited in light of the cost/savings principles endorsed earlier in the meeting.

Human Resources Implications

Mr Dicks tabled an update on progress with regard to the harmonisation of terms and conditions of employment project and advised that Members could contact him outside the meeting if they had any queries.

Concordat

It was noted that the Concordat would need to be amended to reflect the proposed intention for the Shared Services Board to deal with setting joint targets for the Joint Chief Executive.

Community Safety

In response to a Member's query, further details were provided on the position with regard to the staffing situation.

Member Development

Reference was made to the intention to provide Gender Awareness training from councillors from both Councils but it appeared that no invites had yet been received by Redditch Members.

Payroll

In response to a Member's query, further details were provided with regard to issues which had arisen but had now been addressed. The question of long term continuity/resilience would need to be reported back to the Corporate Management Teams of both Councils in due course.

**It was AGREED:**

**(1) that the report be noted; and**

**(2) that the Shared Services Board recommends to Bromsgrove District Council and Redditch Borough Council that a capitalisation direction be pursued with regard to expenditure on potential severance costs associated with the single management team proposals.**

**6. DATE OF NEXT MEETING**

It was noted that the next meeting would be held on Monday 9th November 2009 at 5.15 pm at Redditch Borough Council.

The Meeting closed at 7.15 pm