



membership resources

Shared services

An e-publication compiled of papers written by members of the APSE national highways and street lighting advisory group.

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Introduction

The Comprehensive Spending Review 2007 settlement of just over one per cent overall, coupled with greater demands placed by efficiency savings targets, rising public expectations and skills shortages have prompted local authorities across the UK to consider delivering highways services in partnership, joint procurement or buying as a consortium. Shared services are not just being put in place as a necessity but at best, are helping highways authorities to improve the quality of services and deliver wider 'public value' in terms of ensuring that every public pound spent has the best economic and environmental impact locally.



This publication contains case studies from members of the APSE roads and highways advisory group who have developed shared services. It offers an in-depth look at examples of where highways authorities have been benefitting from sharing resources, knowledge and expertise and explores those barriers that they have overcome in order to do so.

Some of the key factors that have emerged from this research include:

- ◆ The need to be open to new ideas and develop trust and co-operation
- ◆ A 'champion' to see the partnering approach through any difficulties that arise
- ◆ Resources to manage the process itself
- ◆ Political support
- ◆ Effective governance arrangements
- ◆ Effective performance and asset management
- ◆ Using combined power to achieve the best possible public value

It is APSE's view that when making efficiencies public value should not be overlooked and the impact of front line services on the local economy, environment, jobs and supply chains should be taken into account. APSE has produced a publication on competitiveness, which includes an improvement model, and this is available by clicking on the following link: <http://www.apse.org.uk/membership/pdfs/e-publications/Competitiveness%20continuum-Aug07.pdf>

APSE would like to thank those who have contributed to this publication. The views expressed in this publication are not necessarily the views of APSE.

Debbie Johns and Pat Taggart
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Tayside Contracts: A forerunner of shared services

Author: Richard Cranney, Depute Director (Operations), Tayside Contracts

Tayside Contracts is the commercial trading arm of the Councils of Angus, Dundee City and Perth and Kinross and undertakes construction, cleaning, catering and vehicle maintenance services on behalf of the three Councils. In many ways the organisation is a forerunner of the shared service agenda having begun life in its present form in 1996 following local government reorganisation. The former Tayside Region department became a shared service provider to the new unitary Councils by the formation of a Joint Committee established under the Local Government (Scotland) Act 1973.

The three constituent Councils formed the enlightened view that there were significant benefits to be had from maintaining an organisation on the scale of Tayside Contracts and operating it across all three Council areas.

Many of these shared service benefits can be seen through the working of the Construction Division. With a turnover of £40M annually and a workforce of 350 people the Division supplies the broadest range of road maintenance services to its Councils including winter and emergency maintenance, routine and cyclic maintenance, street lighting maintenance, asphalt surfacing and surface dressing, traffic management and safety fencing, road marking, sign manufacture and erection and the production of asphalts and quarried materials. This broad range of services would be well nigh impossible to support if it were not for the scale of the organisation. The three Councils together cover an area of over 7,500 sq. km and range from the urban environment of Dundee to the rural expanses of Angus and Perth and Kinross.

The shared service approach has allowed a variety of specialist construction services to continue and thrive including a road surfacing operation that involves three large asphalt surfacing pavers together with the full range of compaction and ancillary plant. The surfacing teams work throughout the Councils area laying over 100,000 tonnes of asphalt surfacing annually. The surfacing teams are supported by a quarry, based in Perth and Kinross, that produces all of the surfacing material required. Specialist surface dressing teams operate throughout the summer months utilising equipment such as bitumen spray tankers and pneumatic tyred rollers that require a high capital outlay. Traffic management teams undertake the erection of temporary traffic management measures on high speed roads. Specialist teams undertake the erection of vehicle restraint systems (safety fencing) on all classes of road. A sign shop manufactures a full range of road signs whilst road marking crews operate a lining service throughout the Councils area. Without a shared service approach it is unlikely that any of these specialist operations could operate at their current levels or if at all.

The shared service approach has also allowed innovative approaches to service delivery to be developed in one area and utilised across all areas. Examples of this are:- the development of two reed bed gully waste treatment plants that now serve all three Councils saving in excess of £300,000 annually in landfill charges; the development of construction waste recycling centres in all Council areas benefiting from the sharing of specialist recycling equipment that allows over 55,000 tonnes of material annually to be processed and re-used rather than going to landfill; the development of Tayset™ a sustainable road paving system that utilises cold mix technology. This new and innovative material employs recycled asphalt planings and cold applied emulsion bitumens to form a lower cost, low carbon producing surfacing material. The product was launched on the 20th June 2008 by John Swinney MSP Cabinet Secretary for Finance & Sustainable Growth, Scottish Government. Without a shared service approach it is unlikely that any of these innovations could have been developed to the same degree.

The size of the organisation allows significant investment to be made in plant and resources with over £2M annually provided for the purchase of new and replacement equipment. In 2007, an investment of over £6M was made in the provision of a new state of the art depot facility in Perth allowing greater centralisation of resources. Over £300,000 annually is invested in training programmes for the Construction workforce and much of the training is provided by an in house training centre that is an approved Training & Assessment Centre for Scottish Qualifications Authority, British Sign Graphics Association, Road Surface Dressing Association, Royal Environmental Health Institute of Scotland, Equipment Operators Registration Scheme and Institute of Leadership & Management. Without a shared service approach it is unlikely that this level of investment could be maintained.

There have been significant financial benefits for the Councils in adopting the shared service approach through Tayside Contracts with over £11M being returned to the Councils as surplus over the last 12 years. Less easily quantified are the savings attributable to greater buying power, the expertise of dedicated support service personnel in IT, Finance and Personnel, the reduced overhead costs of a larger organisation and the benefits of flexibility as resources are deployed across a wide geographic area.

With over 12 years experience of operating a shared service approach in the delivery of contracting operations the Division is now actively exploring ways of extending the breadth of the service to include client activities and this will be the focus over the coming years.



Partnering with neighbouring authorities for the procurement of highway lighting equipment

Author: Andy Clark, Street Lighting Engineer, Denbighshire County Council

Background

In 2004 Denbighshire County Council Environmental Services were awarded the contract for the installation and Maintenance Highway of Lighting in the county. The service had until then been carried out by private sector companies. Soon after the contract was awarded the decision was taken to combine the client/contractor into a combined service which removed the duplication of roles.

At an early stage Denbighshire identified the need to establish closer working relationships with neighbouring authorities, and took on the role of hosting and leading the liaison process. Meetings were arranged to provide a forum for sharing good working practices and discussing health and safety issues. The meetings initially were aimed at the in house contract service providers, but the scope was later widened to incorporate both client and contractor roles.

A successful partnership already existed for the procurement of street lighting energy. This had generated significant savings due to the increase purchasing power of the consortium. Denbighshire used this 'purchasing power' as an example, and proposed a similar arrangement in relation to the procurement of highway lighting equipment. After some initial discussions, all of the North Wales authorities agreed to participate in the partnership and further meetings were held to develop the bulk purchasing arrangements and agree standard specifications.

Reaching agreement

A joint working party was formed, with a brief to agree a common specification for the basic components that authorities wanted to use. The idea was to use this specification as the basis for a joint procurement exercise. Each of the partnering authorities already had established patterns of procurement and, in the early stages, some authorities needed to be convinced that there was scope for genuine improvement. The development of a new scheme was therefore a difficult goal to achieve.

A balance had to be struck between the desire to meet the needs of all of the authorities and the need to ensure a common specification. Denbighshire took a leading role in the development of the necessary documentation. The biggest obstacle proved to be reluctance on the part of some officers to commit whole heartedly towards the standardisation of the equipment that was being used.

When the joint specification had been agreed, a subgroup was set up to evaluate and oversee the procurement process itself. In order to secure 'buy-in' it was essential for each authority to be represented in the decision making process.

Because it had been difficult to reach a consensus on the 'standardisation issue', a decision was taken to proceed to tender on a fairly wide basis, and to hold the standardisation question in abeyance. The group agreed that the primary aim of the tender should be to obtain reductions in unit costs and reductions in delivery timescales.

The tender

The group decided to focus on the most commonly used items and the high value components used by each authority. These were split into six lots:

- ◆ Lot 1 Columns
- ◆ Lot 1a Feeder Pillar
- ◆ Lot 2 Cutouts and Isolators
- ◆ Lot 3 Lamps
- ◆ Lot 4 Sign Units and Bollards

- ◆ Lot 5 Photo Electric Cells
- ◆ Lot 6 Cable

The contract was advertised via appropriate notices in the European Journal. Following the assessment of the pre qualification questionnaire and tenders, all successful suppliers were given a final ranking in each lot type. The basis of the tender evaluation was 70% on price and 30% on quality criteria. Previously most equipment tenders had been evaluated on price alone.

Evaluation

When the evaluation had been completed, the onus was then placed on each authority to carry out their own financial comparisons to establish potential savings. This enabled authorities to hold further meetings with the suppliers to finalise operational issues and to agree individual contract start dates.

The framework incorporated two different procurement options:

1. The first placed supplier in each lot type must be used, unless there are problems in meeting specification such as not being able to provide the necessary equipment. In which case further suppliers can be used in each lot type in order of ranking.
2. Mini competition option. This option was available for larger replacement schemes such as bulk lamp replacement or lighting upgrades, and for any items not covered within the standard specification.

Benefits

- ◆ Significant economies of scale were realised – resulting in improved prices
- ◆ Significant reductions in the number of stock items
- ◆ A reduction in the number of suppliers
- ◆ Greatly reduced lead times on delivery (for example; column delivery was reduced from 18 weeks to 1 week, and cable delivery was reduced from 4-6 weeks to next day delivery)
- ◆ Monthly electronic ordering/invoicing
- ◆ Reduction in authorities' carbon footprint within the supply chain
- ◆ The tender was available for use by other departments within the authority e.g. the Building Services Department can use it for procuring lamps
- ◆ Better stock systems, including consignment stocks
- ◆ Reduced administration and associated costs

Conclusion

- ◆ In order to maximise the potential benefits available from group partnerships, standardisation of general products must be agreed,
- ◆ Working on initiatives of this type encourages closer working relationships between authorities, and the resulting exchange of ideas can improve the services within each authority.
- ◆ Engineers need to be open minded and be prepared to question why particular types of equipment have traditionally been used at particular locations.
- ◆ Flexibility is key if the benefits of standardisation are to be realised in practice
- ◆ If flexibility can be achieved, the rewards can be very significant, including reduced costs and an improved service to the community.

References

- ◆ Public Procurement Directive, Regulation 19. 31st January 2006
- ◆ Office of Government Commerce Guidance

Collaboration and shared services - Midlands Highway Alliance

Author: Stewart Ibbotson, Assistant Director Consultancy & Contracting, Derbyshire County Council

Background

The Midlands Highway Alliance (MHA) is a partnership of mainly East Midlands Local Authorities bound together by an Unincorporated Association of Agreement. Its formation in 2007 was driven by the desire to progress a second generation initiative to the Government's National Efficiency Programme as advocated through Constructing Excellence, the Audit Commission's Comprehensive Spending Assessment, and using Value for Money principles.

Encouraged by the early successes emerging from the 3 Counties Alliance Partnership between the County Councils of Derbyshire, Leicestershire and Nottinghamshire, it was evident that a wider, essentially works based public/public partnership would further innovate the wider region.

The underlying intentions of the MHA are:-

- ◆ A flexible approach to the procurement of highway services and goods based on a region-wide strategy.
- ◆ The further development of Best Value, VfM, and construction best practice using the partnering approach for the procurement of private sector partners linking the whole of the supply chain.
- ◆ The rationalisation of systems and procedures removing duplication of effort, administration and support costs to MHA members.
- ◆ The opportunity to foster innovation within the MHA and make financial savings.
- ◆ The creation of more open processes and performance benchmarking partnerships through regional initiatives with other highway authorities and relevant central government agencies.
- ◆ The development of skills to help implement and deliver best practice across the MHA.

Initial challenges

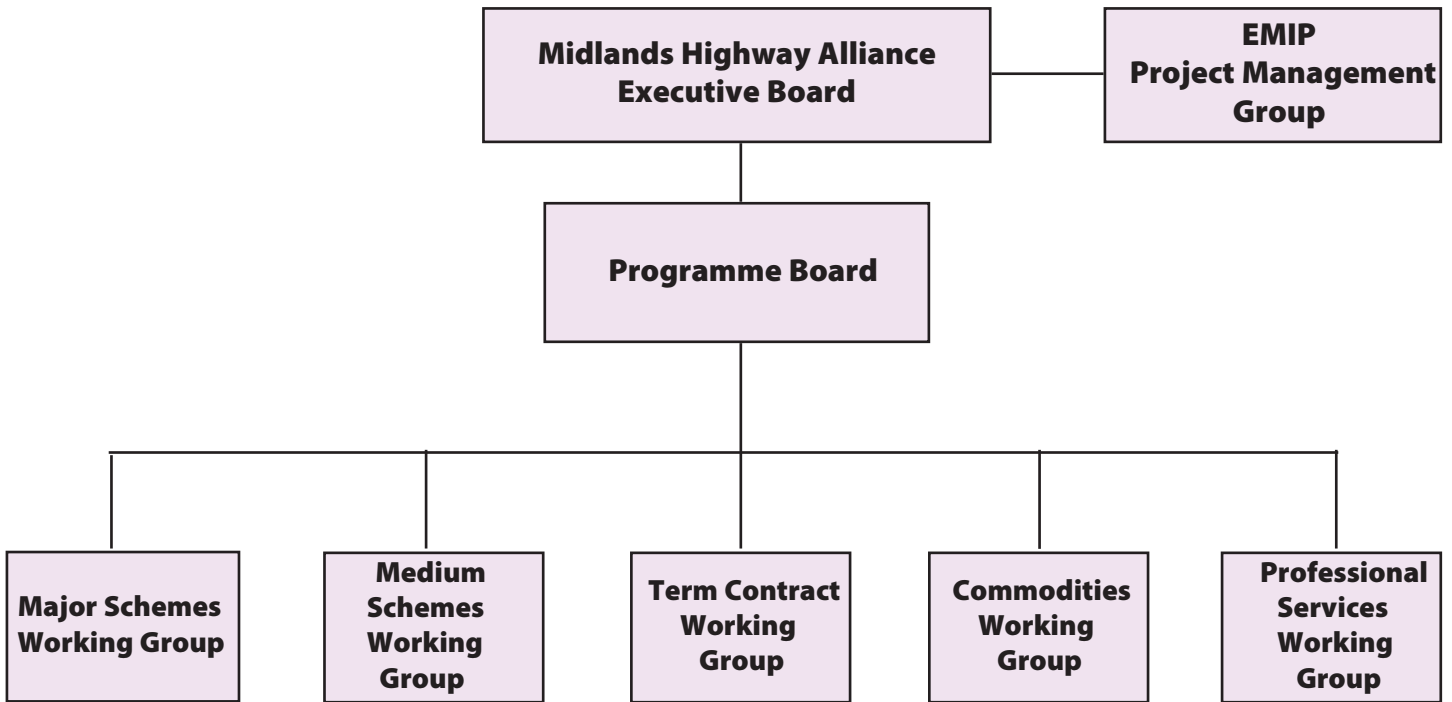
As lead authority Leicestershire County Council combined with eight other authorities and the Highways Agency to work alongside the Alliance Project Managers: Constructing Excellence, East Midlands Centre for Constructing the Built Environment (EMCBE), and the Centre for Collaborative Working (CWC).

EMCBE was awarded a grant funding allocation from the East Midlands Improvement Partnership (EMIP) to initially administer the Alliance set-up and provide funding for future projects.

There was a keen willingness by all member authorities to contribute staff time and other resources to build and support the Alliance and crucially to generate an Agreement to which Members were happy to sign up to.

How it works

The MHA governance profile is shown overleaf:



Executive Board: comprises a director of each member highway authority.

EMIP Project Management Group: comprises the director of the host local authority and senior representatives of EMIP together with the Chair of the Programme Board. It is advised by the Alliance Manager and Constructing Excellence/CWC.

Programme Board: comprises Chairs of the five Working Groups, a representative of each Member highway authority, the Alliance Manager, and also has EMCBE and Constructing Excellence/CWC as its advisers.

Working Groups: there are currently five Working Groups focusing on different work streams with the option to extend with the support of the Programme Board and Executive Board.

Alliance Manager: will support and guide the activities of the MHA by preparing the Business Plan and acts as a point of contact and advice for the Executive Board.

The work streams are:-

Highway Term Contracts

Purpose: to influence and drive improvements in Term Contract supply chain collaboration to achieve:-

- ◆ improved quality and value for stakeholders
- ◆ reduced disruption to users
- ◆ improved user satisfaction

Professional Services

Purpose: to share learning experiences from the 3 Counties Alliance Partnership through:-

- ◆ accelerated improvement groups
- ◆ performance management groups
- ◆ other partnership activities

Commodities

Purpose:

- ◆ to investigate and recommend more effective and economical ways of procuring materials and plant
- ◆ to arrange procurement of plant and materials
- ◆ to investigate labour costs, utilisation and training and make recommendations for improving effectiveness
- ◆ with the Midlands Service Improvement Group (MSIG), to establish standard specifications to promote

convergence and price comparison

- ♦ to ensure that the above activities are relevant to organisations with in-house and outsourced contracting arrangements

Medium Schemes

Purpose:

- ♦ to collaborate with the Highways Agency on the evaluation, management, and call-off arrangements of the Midlands Works Framework 3 for schemes up to £8 million

Major Works

Purpose:

- ♦ to generate project procurement plans and gain acceptance for a strategic procurement framework

The Working Groups have already achieved some notable successes:-

Professional Services - is ongoing with valuable operational feedback from the 3 Counties Alliance Partnership.

Commodities - already sizeable reductions in road salt prices have been negotiated as a result of the greater buying power available to Alliance Members.

Medium Schemes - with no real procurement costs and ready access to the HA's Midlands Works Framework 3 contract, MHA Members are now able to call off work from the four framework contractors/consortia namely; Aggregate Industries/Geoffrey Osborne, Birse/Balfour Beatty, Carillion, and Tarmac. MHA Members are expecting to spend up to £46 million through the framework term.

The Alliance also contributes to and shares data using the HA "Motivating Success" performance toolkit.

Future plans

MHA Members are keen to see the Alliance flourish and expand to include more West Midlands authorities. The quick wins in contract procurement and commodities purchase suggest that the seeds of success are beginning to take effect and increased regional interest is evident.

The MHA is continually refining its Business Plan to generate a sustainable financial model which provides the levels of confidence required to secure a sound springboard for the future.

As the Working Groups develop, tangible benefits will continue to be delivered particularly in the commodities area where small vans, street lighting columns, and surface dressing materials appear to have the potential to offer savings.

Argyll and Bute Council; Cross service approach to service delivery

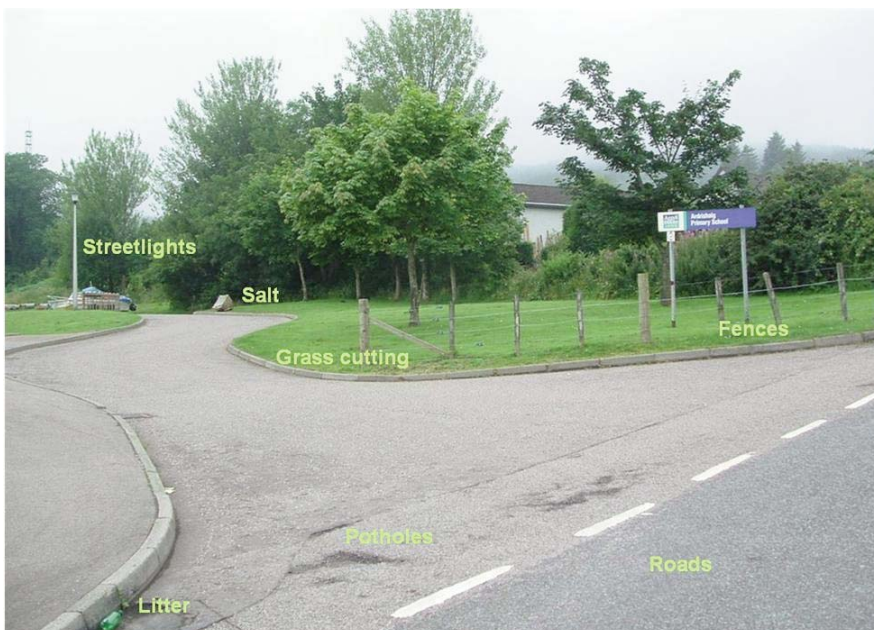
Author: Graham Brown, Operations Manager, Argyll and Bute Council

On examining the results of recent Customer Satisfaction Surveys and the views from the 2006 Citizens Panel, a select group of 1000 residents within our Council area, it was clear that the Council was not fulfilling the aspirations of our communities. It became clear that we were not delivering our front line services of roads maintenance, grounds maintenance and street cleansing in as an efficient manner as we would have liked. This in part was due to the way services were previously set up to comply with Compulsory Competitive Tendering legislation. With the introduction of a Best Value approach to service delivery the opportunity to reassess how the services should be delivered was not fully realised at first.

As a result of the responses from both the Surveys and the Citizens Panel the Council set up a project team, comprising both staff and external personnel, to undertake a full options appraisal of how our front line services should be delivered in the future. This was an extensive exercise that was overseen by an external consultant. The result of this options appraisal was to continue with the predominately in-house approach to the delivery of these front line services. However a different approach as to how these services should be delivered had to be established to allow the required level of improvement to our service delivery.

The management of the services listed above were at that time managed on four area bases which lead to inconsistencies in the level of service, depending on priorities of the particular Area Manager and the views of Local Members.

It was recognised, that because of political will and the geography of the Authority, it was necessary to be able to deliver services on an area basis. However in order to gain the appropriate improved efficiencies that were required the management of these services had to be changed. The new approach that was adopted was "Centralised Services Delivered Locally" which involved the services being divided into 5 sections; Roads Operations, Streetscene, Marine, Design, Network and Environment (Strategy). This setup will provide a consistent focused approach to delivery of services. It also allows increased working together across the services as well as between the different area teams. The best example of working together is being developed between Roads Operations and Streetscene.



In the past each of the work elements highlighted would require separate visits from various sections of the workforce. The Local Environment teams will now tackle any of these work elements that require basic attention in a single visit.

The Streetscene service basically includes all the amenity sections i.e. grounds, street cleansing, waste management, public toilets, cemeteries etc. Previously all these elements were delivered as separate elements with up to 4 different visits to the one site. We have now introduced Local Environment Teams LETS that will now where practicable deliver this service as a "One Stop Delivery" whereas the previous regime would have required to have four different visits. This approach is further enhanced by training the LET'S to also undertake the following tasks previously undertaken by the Roads Service:-

- ◆ Basic potholing of roads and footways,
- ◆ Cleaning of road signs,
- ◆ Clearing of blocked gullies,
- ◆ Slab and kerb repairs, etc.



Dangerous footway with untidy grass verge and blocked drainage. All these issues would now be tackled with a "one stop" approach.

This allows Roads Operations to concentrate on programmed works without disruption from being required to undertake reactive works. Although it is still too early to gauge how effective this new proactive approach will be, early indications are that it is looked upon favourably by members and the public in general. It is also proving to be popular with the workforce involved as they are now empowered to act on their own initiative and have a wider remit making for greater job satisfaction.

However, as 83% of the Argyll and Bute area is classified as rural we still had to address how we were going to improve the roads maintenance service in this type of area. With the background of insufficient budget and an increasing backlog this proved to be a difficult challenge. It was identified from the Citizens Panel and Customer Satisfaction Surveys that the public had great concerns about the roads maintenance service we provided. The following conclusions were taken from the results of the most recent Citizens Panel:-

- ◆ Significant numbers of people have contacted the Council to complain or report a fault with respect to roads
- ◆ Satisfaction levels with the way these faults and complaints are dealt with are low, and this is primarily related to the lack of a satisfactory solution to the underlying cause.
- ◆ People see the problems as relating to the general quality of the road surfaces, the number of potholes and the quality of road repairs, with drainage also being an issue.



Rural road that has been continually potholed and verges very overgrown.

In light of these views we considered that we had to improve on the basic elements of roads maintenance. Using the resource savings from having the LETS undertake some of the basic roadworks within our urban areas it was decided to form proactive Cyclic Squads. These squads like the LETS would be proactive and they would be empowered to work on their own initiatives within their main function to be on a find a fix approach.

This would include travelling specific routes and fixing potholes, tackle drainage problems, clean and repair signs, cut back shrubs etc. This would be undertaken on all routes on the network and each route would be visited a minimum of 4 times per annum. As with the Streetscene element these cyclic squads will also, where possible, tackle some of the work previously undertaken by grounds maintenance and street cleansing staff. This will include litter picking road verges, emptying litter bins and cutting grass in some rural villages, thus giving an additional efficiency saving, as other additional staff no longer require to travel to locations when the cyclic squads are in the area on a regular basis.

In conclusion, it appears that the use of the multi skilled staff, that are empowered to work on their own initiative and the use of cross service working has generated efficiency savings. It is also anticipated that this approach will help to raise the public's perception of the services we deliver.



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