1 The Shared Service Market

1.1 Overview

Since the Gershon Review identified the expedience of local authorities sharing services to reduce costs, a multiplicity of sharing paradigms have been born, each endeavouring to cut a swath as best practise in a developing field. These paradigms have disseminated around the United Kingdom, providing models to aspiring authorities looking to opt into the efficiencies offered by sharing services. When CE and CWAC launched their shared service arrangements, and presently started debating the distillation of these arrangements into an SLE, collaborative ventures were undeveloped: time had yet to tell which paradigms and sharing combinations would prove fruitful.

CE and CWAC were frontrunners in their adoption of shared services, but whilst the SLE concept has been refined, the market has had time to percolate. We now have a greater pool of evidence on which to draw when assessing collaborative companies, as early attempts at partnership have played out with variegated success and failure. The repercussions of these ventures have in-turn shaped the market contours; there are new preconceptions and optimal paradigms. For instance, the earlier optimism that bore a glut of Joint Ventures into being has been tarnished; the aftermath of the likes of South West One has left a more guarded legacy, sensitised to the fact that private sector partnership is not a silver-bullet to economic pressure.

As such, the proposed SLE between CE and CWAC has a unique opportunity to build upon the established sharing base between the two authorities as well as learning from the recent vacillations of the shared service market. Crucially, this means understanding and embracing the changes in the market, whilst also recognising that conditions are not the same as they were three years ago when the SLE was first proposed. Different ideas exist and new opportunities, though often with old targets, abound.

This analysis delineates the current market culture and makes some recommendations on that basis. There are two loci of discussion:

- A cross-section of sharing arrangements, providing commentary on compositions, successes, and failures. This is not an exhaustive list but aims to be representational of the range of sharing models.
- Furthermore, this analysis seeks to identify prospective market opportunities and the viability of partners to augment CE and CWAC sharing arrangements. This entails a reassessment of previously entreated agencies in light of recent market developments, as well as a survey of existing UK collaborations to illuminate service trends and future opportunities.

1.2 Existing Shared Services

This initial section concerns itself with the first of our aims: the evaluation of shared service models through indicative examples of their implementation. These arrangements are categorised into a number of broad paradigms for easy assessment and comparison. The section concludes with some summarising thoughts on the motors that inform success or failure in collaborative enterprises.

1.2.1 Constitutional Shared Services

Name/Partners	Description	Lessons Learnt
Adur DC/Worthing BC	In 2007, two West Sussex district councils - Adur District Council and Worthing Borough Council - formally agreed to enter into a joint working partnership for the delivery of their local services using a single workforce and senior officer structure – the first plan of its ilk in England and Wales. The overall initiative was driven by the need of two small councils to preserve essential local services in the face of reduced central government funding and the efficiency demands of the 2007 comprehensive spending review. In terms of services, Adur and Worthing began by sharing refuse and recycling services alongside their management structure. They have gone on to unify their Local Land and Property Gazateer, Geographic Information System, Street Naming and Numbering and the Public Sector Mapping Agreement systems and policies, and web-based services. Since then high level business cases have been developed for each of the new service blocks setting out how teams could be brought together over the next two years: how shared services could be delivered in the future and clear indications of where further savings can be made. It is anticipated that the sharing arrangement will generate a total net revenue saving of £4.4m in the period to 2012/13.	• This early collaborative arrangement helps establish the benefits of jettisoning services into a dedicated shared service arrangement with specialised staff, as council officers in Adur and Worthing were stretched to perform shared service duties alongside their day jobs, as The Audit Commission reported. • Adur and Worthing profited from a thorough review of all services to determine which could be usefully shared, rather than committing uncomplimentary elements. • The degree of success achieved was enabled by the ability to unify systems and policies, which was in turn abetted by the relatively small scope of the integration initiative between two district councils.
LGSS	This arrangement was formed by Cambridgeshire and Northamptonshire County Councils in 2011, and is focused upon the sharing of core systems, namely Oracle and services including:	• Similarly to that between CE and CWAC, LGSS was born when both councils felt they had trimmed as much as possible from their budgets without sharing services. Likewise, LGSS is one of the only other sharing arrangements governed by a joint committee. • This arrangement was originally intended to include a private sector partner;

Name/Partners	Description	Lessons Learnt
	• HR, including Organisation Development • Finance (Planning and Operations) • Internal Audit, Risk, and Insurance • Legal Services • Pension Services • Procurement Services • Property and Asset Management • Business Transformation and Change Management Other services, from Slough Borough Council which was supposed to join the partnership, introducing services included Revenues & Benefits and Contact Centre. In November 2008 Slough Borough Council (whom also used the same Oracle system) joined the partnership and a Business Case was put together to form the LGSS in December 2009, but Slough left the arrangement, believing that benefits would take too long to filter through and being unprepared to front capital costs. Negotiations also reached an impasse between LGSS and Lambeth Council. There were concerns surrounding the legal footing of the LGSS venture, following the ruling concerning London Authorities Mutual Ltd in June 2009 (see below) and current practice restrictions that prevent the councils' lawyers being employed by a separate entity. The reversal of this decision has in theory helped pave the way for the LGSS SLE; the meantime they are taking preparatory steps and have formally setup a constitutional shared service in the interim. Subsequently, LGSS has entered into partnerships with Norwich City Council (to whom LGSS provides ICT, finance, and Revenues & Benefits services) and Huntingdon District Council (to whom LGSS supplies HR and payroll services). Moreover, LGSS is in negotiations with Northampton Borough Council and	however, as the 2 councils were only willing to offer a minority shareholding in the venture, no private sector partner was willing to join. As a result, this remains a public sector only arrangement. • Breadth of sharing, harmonised systems: The success of LGSS can be largely attributed to the extent of services that the two councils share, ensuring a broad swath of savings. This in-turn was facilitated by the fact that they shared the Oracle platform, ensuring that transition and harmonisation were not blighted by complex systems conversion. • Unique commercial offer: LGSS' commercial offering focuses on public sector bodies – particularly those wary of entering into a partnership with the private sector – defined by LGSS as 'by public sector for public sector.' LGSS thus promotes a distinct and specifically public sector character to its services and ethos. LGSS operates a 'no detriment' policy, only taking on partners who will not detract from the service quality delivered to the founding authorities. This is combined with a pledge to produce an upper quartile quality offering for a lower quartile price. LGSS are targeting up to three other partners to join the joint committee, preferably from distant locales to prove the viability of a geographically transcendent sharing model. • Transitional model: LGSS considered an SLE from the start, but it was decided that to quickly deliver some of the savings associated with sharing services, and create a strong base for a later transition into an SLE, that the constitutional model under a joint committee was a useful interim option. However, the lack of progress from what was intended to be a transitional stage creates fears that it has become a holding pattern. • Politically balanced governance: The joint committee has three members from each council, with each appointing two from the leading party and one from the main opposition party. • Non-financial benefits: the inter-council sharing has allowed the development of in-house skills and dissemination of intellectual property; this process is exemplified by the number of services - and thus skills - shared, negating the need to utilise expensive private partners. LGSS has also struck the difficult balance of ensuring staff remain motivated and feel secure (by retaining their employment with their parent council) whilst also identifying with the LGSS, seeing it as an opportunity for growth. The LGSS branding was developed quickly, and workers were given vision and values workshops from senior executives early in their tenure. However there

Name/Partners	Description	Lessons Learnt
	provides legal services to the NHS in Cambridgeshire. These collaborations make LGSS one of the few constitutional shared service arrangements in the country to have attracted external, and geographically distant, partners. LGSS has so far been able to deliver its shared services, and the savings complicit in this, with no reduction in customer satisfaction, with a March 2012 survey showing a slight increase to 90% satisfactory responses.	are no LGSS email addresses yet. • Opportunity for expansion: so far savings have been a product of the number of services shared rather than genuinely innovative process refinement. This is one perceived benefit of garnering more partners and converting the arrangement into an SLE, allowing the commercial honing of processes and improved marketability to partners and customers. For LGSS, the question is at what point do they become an SLE. At the minute LGSS has been successful in delivering a concerted market identity, but if it achieves it targets for partners, the dynamic could become too strained to manage outside an independent company. Furthermore, as long as LGSS makes the shift with a strong brand capable of drawing work, it can negate the loss of procurement advantages that come from being a public body.
London Authorities Mutual Ltd (LAML)	This was an attempt by a group of London boroughs to club together to set up a mutual insurance company. The concept of LAML had been financed and encouraged by the Department for Communities & Local Governments London Centre of Excellence – now Capital Ambition.	• This arrangement was ended after the Court of Appeal ruled that the participation of local authorities in an insurance mutual in this manner was beyond their statutory powers despite assurances from central government that the well-being powers were sufficient for their purposes. • However, ministers tabled an amendment to the Local Democracy, Economic Development and Construction legislation allowing councils to form mutual insurance companies. This amendment will allow any principal local authority to "become a member of a body corporate… to do anything that is required by, or is conducive or incidental to, membership of any such body… to provide insurance… or to enter into arrangements under which such insurance is provided". The revision was passed in Supreme Court, representing a major coup for SLE and sanctifying the benefits they offer participant councils in terms of procurement. • Careful scrutiny of legal issues is therefore imperative to ensure any separate entity can engage with public sector organisations within the procurement rules.
Mid-Kent Improvement Partnership	The Mid Kent Improvement Partnership involves Ashford Borough Council, Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council. It was setup so that these authorities work together as a formal 'cluster' of local authorities to deliver the following services: • HR • Legal • Internal Audit	• A wider partnership of authorities was considered with other boroughs. However, one of the perceived barriers to progressing shared services in the past has been the larger number of authorities that are involved in an initiative and in particular the inability to reach a consensus decision. As such, this arrangement has not grown significantly to date and only modest savings have been achieved in HR and Legal (around £80,000). • The Mid-Kent partnership has thus moved slowly, and aspires to have a dedicated shared services arrangement in 2013.

Name/Partners	Description	Lessons Learnt
	• Revenues and Benefits (Swale does not partake). • ICT sharing is being developed.	
London Tri-Borough Shared Services	In 2011, the chief executives of the Westminster City Council, Hammersmith and Fulham Borough Council, and Kensington and Chelsea Borough Council laid out a plan to share services, back-office functions, and management costs for a combined saving of £33.4 million. Since June 2011 the councils have combined: • Children's services • Adult social care • Library services • ICT • HR Hammersmith and Fulham, and Kensington and Chelsea now have a joint chief executive, a single treasury and pensions team, and a shared environment and leisure team.	• The Tri-borough arrangement is one of the few shared services to collaborate on frontline services, but the model has been wholly successful for them: the local, small scope of the shared service arrangement allowed these frontline functions to survive in the face of reduced budgets, and customer satisfaction has actually increased in that time, rising from 77% to 79%. • The sharing arrangements also allowed the condensation of certain back-office functions and the reduction of middle management across the frontline services, which meant costs were reduced but service provision was not changed. For instance, in children's services, risk assessments were still conducted on a borough basis but specialist functions and management were combined. • The Tri-boroughs thus provide an exemplary instance of shared services enabling the unrestrained continuation of frontline services, and has aptly been named 'Project Overhead', reflecting its aim of primarily reducing things like management costs. • The arrangement has now developed, as the tri-boroughs have put out to tender for the provision of HR, payroll, e-sourcing, property asset, business intelligence, helpdesk, and disaster recovery systems in a contract worth £800,000. This has been done using the pan-London Athena programme framework for systems integration, meaning that up to 17 councils could share in the new service systems. The Athena programme has been a major landmark in ensuring London councils coalesce around a single ICT framework; it serves as a simplified mechanism through which other councils can easily partner. • The tri-boroughs are now on track to save up to £3 million in ICT through sharing things such as data centres and implementing cloud-based technology.

1.2.2 Disaggregated Shared Services

Name/Partners	Description	Lessons Learnt
Buckinghamshire	Buckinghamshire created a two-tier pathfinder project with all districts, establishing shared service contracts which could then be absorbed into a possible cross-county deal including a private partner, covering a range of back-office functions including: • HR • Finance • Payroll • Facilities management • ICT The estimated a cross-county and cross-district deal could save up to 20% of the costs of back-office functions, equating to£40m per annum across the two counties. However, despite starting in partnership with Aylesbury Vale, South Bucks, Wycombe, Buckinghamshire, and Milton Keynes Fire and Rescue, only the county and South Bucks remain.	• Buckinghamshire's shared-services pathfinder project has recently been dissolved after partner councils pulled out of the scheme to outsource the services, stating that continuing with the project was not in the best interests of taxpayers and that the potential risks outweighed the potential savings. • The prospective inclusion of a private sector partner (most probably either Mouchel or IBM) deterred many of the authorities, who baulked at the prospect of an estimated 450 job losses in the local economy. • The fact that savings were projected to take six years to be realised was also unpopular within Buckinghamshire County Council. This highlights one quandary associated with joint ventures with private companies, namely that savings are slow to percolate down to the local authority. However, an SLE, for instance, enables savings to be achieved from day one. • A potential problem was the lack of proposition clarity, as the services shared were not clearly defined and the benefits obscure. • Approach was largely reactive, asking partners (both public and private) how they would want to involve themselves, rather than presenting a menu of services to researched targets and crafting any contracts on the authorities' terms.
Worcestershire Enhanced Two-Tier Programme (WETT)	The WETT programme was not a shared service company but more an awareness initiative, designed to promote the benefits of sharing services wherever possible within Worcestershire and creating a culture conducive to proactive partnership creation. The programme was terminated in early 2011, after Worcestershire's Chief Executive Panel agreed that WETT had achieved its goals: a collaborative ethic has pervaded throughout the county, making the sharing of services an established practise in stymieing the exacting economic climate. WETT's influence is manifest in the creation of a host of sharing companies under its tenure, including:	• The WETT programme provides a unique approach to sharing services: whereas elsewhere sharing arrangements are agreed first and cultural issues addressed within the new containers, WETT sought to incubate a county-wide sharing culture as a priority before channelling this culture into new structures. • Such an approach has helped lay the foundations for shared institutions, easing their inception and identifying future areas of possible growth, including planning, housing, waste, and community services. • However, it could be argued that whilst culture is an important issue in the success of sharing ventures, well-designed structures, contracts, and operating models for the individual sharing arrangements are more critical: these things provide the infrastructure for success, represent the tangible creation of sharing

	• Worcestershire Regulatory Services • Worcestershire Property Services • Worcestershire Internal Audit Services	entities, and will create a propitious culture on their own if managed properly. • In sum, WETT is an interesting illustration of a unique mechanism designed to address one of the core obstacles to shared ventures. It represents a holistic approach and illuminates the importance of unifying working culture to achieve success.

1.2.3 In-House Trading Companies

Name/Partners	Description	Lessons Learnt
Essex Cares	In-house company that was the first to commercialise the delivery of adult social care services. Generates income from non-discretionary services which is reinvested in the company to improve services. Council transferred 850 staff at its inception in 2009; it met its efficiency savings in the first year before making 3.5 million in 2010-2011. It has been able to improve outcomes, such as admitting less people to hospital, and has achieved a 99% satisfaction rating.	• Difficulties inherent in such an approach are that trading companies are not teckal exempt, there can be staffing problems regarding transfers, and councils need to be primarily accountable to the public rather than a profit-margin, which is an issue if services are wholly jettisoned. Commercial acumen will have to be injected through commercially-minded appointments, a private-sector partner, or the close association of councillors with business experience. • However, Essex Cares succeeded in negotiating these potential potholes and extracting top performance from the trading company model. Essex Cares combines public sector ethos with private commerciality, standing as a new model to deal with cuts whilst preserving frontline services. ECC remains the sole shareholder and any profits made are used to improve the service quality. • The service benefits from a flattened hierarchy, responsive decision-making and greater employee accountability – all of which are part and parcel of the commercial model. • The trading company model allows councils to compete with private firms, in this case health care providers, where people are increasingly spending their individual budgets. In the age of personalisation, social care services offered by a council have to be competitive, and a commercial model enables this whilst safeguarding services from cut-backs or the loss of control complicit in outsourcing.

1.2.4 Joint Venture (with Private Partner)

Name/Partners	Description	Lessons Learnt
Liverpool Direct	This is a partnership between Liverpool City Council and BT (who own approx 60% of the shared in the venture; LCC hold 40%) that offers support for customer contact, consultancy, change management, and day-to-day operational management of core services including: • ICT solutions and ICT platform management • Web and Geodata Services • Contact centre development and management • Consultancy • Business support services (finance and commercial) • Employee and organisational development • Human Resources • Payroll • Revenues & Benefits Services • Learning and development services Liverpool Direct employs over 1,100 people and has a net turnover of over £80m p.a. – it is the largest public-private joint venture in the United Kingdom. In 2011-12 Liverpool Direct exceeded its targets to deliver £26.2 million total order values. A refresh agreement has recently been agreed, continuing the partnership until 2017. Liverpool Direct started in 2001, and despite initial problems has succeeded in attracting new partners and customers, who include: • Northumbria Police • Reigate & Banstead Borough council	• Liverpool Direct started with a plethora of problems: few initial contract targets were met, systems were slow to be updated or refreshed, and BT were perhaps guilty of taking too much profit early in the venture. However, the enterprise began obtaining desirable results, particularly in turning Liverpool Direct into a regeneration flagship for the city, with many jobs generated. This success has been compounded by more assured systems and contracts, effective incorporation of partners, and an assured marketing offer. • Fluid partnership: Alongside the refresh agreement, a Partnership Framework Agreement is being calcified to compound the nature of the sharing arrangement and the values against which it operates. SLAs were consolidated and reviewed after it was determined that there were too many for a company in which a performance-driven culture was already embedded. These measures highlight the impetus to constantly recalibrate the partnership to ensure continued, adaptive efficacy. The refresh agreement includes a reorganisation of the board to include more representatives from Liverpool City Council. • High-quality marketing offer and visibility: Clear business plans and service reviews exist which quantify the improvements made in every area. This helps acknowledge success and raise profile. • Liverpool Direct was the solution devised to rejuvenate poor or failing council services, as well as rebuilding the image of Liverpool City Council. Its success has been sweetened – and no doubt facilitated – by the defining impulse to better the council service provision and revivify the city of Liverpool.

Name/Partners	Description	Lessons Learnt
	• Vale of White Horse District Council • Knowsley Metropolitan Borough Council • The Security Industry Authority (Home Office) • Building Schools for the Future • London and Quadrant Housing Trust • Liverpool Mutual Homes • Helena Partnership • Gloucestershire County Council	
South West One	Southwest One (SWO) is a joint venture set up by Somerset County Council, Taunton Deane Borough Council, Avon and Somerset Police, and IBM. Comprising 660 staff seconded from Somerset County Council, 150 from Taunton Deane and 600 from the police force. The service provides: • HR • IT • Procurement • Property and HM • Customer services, • Revenues and Benefits, • Print and design, • Finance. One year into the decade-long deal, the savings are projected as £1.7 million a year, and Somerset was able to levy below-average council tax increases as a result. However, it made losses of a reported £31.5 million and Somerset council brought many things in house. There are now fresh allegations that South West One tried to hide its losses and the extent of IBM's bail-out. IBM remains the dominant partner	• Lack of consideration of commercial offering: SWO failed to attract any other partners as hoped, with prospective partners Devon and Cornwall reneging. They feared the exportation of jobs from their local economies, the high up-front costs, and IBM's controlling stake in the partnership. • Rigidity of contract: Leader of SCC, Ken Maddock, said that the failings of SWO were down to the lack of flexibility in the contract to react to the company's fortunes. SCC expressed a wish to renegotiate the arrangement, as certain functionality no longer sat comfortably under the SWO umbrella and SCC wanted the prominence of certain partners (Mouchel Parkman and HBS) to be re-evaluated. SCC has thus become embroiled in a contractual dispute as it has tried to bring its functions back in-house and appease tax-payers who have seen the massive losses. • Lack of prior organisational planning: there was no initial management and training plans, which left transferred staff unsure of lines of authority. • Failure of systems planning: Once the company was established, an attempt was made to transfer everything on to the SAP system. However, there were massive complications with the wholesale adoption of the new system. Fixed costs may have been lowered for SCC but they were stung with unexpected costs arising from the failure of the technology. • In the long-term, the weight of these set-backs and performance issues debarred SWO from becoming competitive enough to find work.

Name/Partners	Description	Lessons Learnt
	following its cash injections, which amount to some £20 million.	
ERYC	East Riding of Yorkshire joined forces in 2005 with Arvato Government (part of Arvato Bertlesmann). An 8 year contract was signed t deliver services such as: • Revenues services; • Financial assessments; • Payroll services; • Creditor payments; • ICT services; • Customer service centres; • Print and design; • Training; and • Occupational health. The main objective of this venture, into which 500 council staff were transferred was to create a regional economic centre, improve services and sell services to other public and private sector partners. Through a competitive bidding process, the Joint Venture company, of which the Council is a 20% shareholder, has secured contracts with: • Sefton Council, for 10 years from 2008, to deliver payroll services; • Norwich City Council, for 4 years from 2008 to deliver payroll services. • They subsequently have begun targeting some London authorities who are in the market for the services the Joint Venture provides.	• Between October 2005 and March 2009, a net total of 154 full time equivalent jobs had been created from the contract. It was estimated that these jobs generated a further £6m per annum into the local economy. The focus was never just savings from the collapsing of services, but was designed to be rooted in the local economy and create jobs in Yorkshire. There were no redundancies or redeployment outside of the East Riding, as Arvato accepted all of ERYC's service specifications. • 500 staff were transferred on their existing T's & C's to limit contractual confusion. • In sum, the strategic partnership has been a success thus far, meeting 99% of performance targets in 2010-11. • ERYC gained political credence as a means to counter potentially inimical local forces, as the council looked to address the threat of a regional employment centre being established outside of the East Riding's boundaries.

Name/Partners	Description	Lessons Learnt
Salford Urban Vision	Regeneration and development partnership between Salford City Council, Galliford Try and Capita. The private sector led the commercialisation and developmental facets, but the council retained control. Employees were mostly seconded in from the council, though Capita has the controlling share (50.1%). Went on to sell services to 230 other public-private clients and 130 councils. Services include: • Planning advice • Design • Project management • Landscape design • Architecture • Highway services • Scheme delivery. The overarching benefit behind Urban Vision is that it makes a highly-skilled, specialist group available to SCC. 420 people have been seconded from the council to UV. The Audit Commission recognised UV as the only joint venture in the country to provide a comprehensive development control function through the private sector.	• Sophisticated commercial offering: UV occupies a unique market niche, being one of the only Joint Ventures to specialise in building services and regeneration. UV provides a menu of building services for clients to pick and choose from. Exemplified in the Services4Schools initiative. • Specialist expertise, targeted successes: UV able to meet national targets for planning processing times within 13 weeks (64% in 13 weeks as opposed to 61% annually everywhere else). • Structural planning and maintenance: A lot of focus was placed on having management structure there at the start and then bolstering managers with team development training. • Success in qualifying/quantifying success: For instance, UV appeal to reduced KSI's as a result of better roads. The council sets targets for UV which are refracted through 44 KPIs and measured on a monthly basis in the Partnership forum. • Enduring council control: Despite Capita's controlling stake, it is SCC that sets strategic objectives, stringently monitored through the monthly partnership forum. The board consists of 7 representatives from the three partners, including a non-executive chairman and managing director. • Local utility, commercial clout: UV was born in direct response to a major misgiving of the Salford electorate: the condition of the built environment, which had received a plethora of complaints. UV thus made an expedient move to develop what was a visible and popular initiative into a commercial venture. This helps lubricate the political gears for UV's existence. • Respect for change compatibility: During the vetting process, SCC demanded to see the various applicants' systems and staff in order to base the final decision on how well these elements would complement those of the council.
Cornwall Strategic Partnership	Proposed telecare, telehealth and support services joint venture between Cornwall County Council and one of CSC and BT. Initial plan is to incorporate libraries, payroll, IT, and benefits, and transfer 1000 staff over. Contract was planned for ten years, with the option of a five year	• This case study exhibits a slightly different issue: the potential political divisiveness of Joint Ventures. • The CCC cabinet and CEO Ken Lavery (who used to work for BT and is a published advocate of Shared Services) are keen on the venture, but the members at large feel that such a fundamental decision should go to council vote – so much so that 41 have signed a petition to remove leader Alec Robinson.

Name/Partners	Description	Lessons Learnt
	extension. Was pledged that 500 net jobs would be created as part of the venture. However, the initiative never flowered; it was shrouded in acrimony and became the catalyst for schism throughout the council.	• The members' fears fell roughly into two categories. Firstly, the diminution of member accountability: the proposed board included five of the private firm, the CEO of the council, and one representative from the NHS. Secondly, that the new company would be moved away from Cornwall and deprive its economy of jobs; scepticism that the 500 new jobs promised would materialise under this arrangement. • CCC has been firefighting with a useful FAQS page on their website, explaining the progress and details of the proposed Joint Venture.
Birmingham City Council/Service Birmingham	Service Birmingham is a joint venture between Birmingham City Council and Capita to provide: • ICT • Customer centre • Learning and Knowledge Services • Project Services Despite initial controversies regarding the failure of a new SAP-based e-procurement portal, the strength of the venture's transformation programmes rectified the issue, turning service Birmingham into one the most successful and stable joint ventures in the UK. The success of the partnership has led to the recent extension of the contract with Capita to 2021, upping its total worth to around £1 billion. Atop the joint venture, BCC are keen to extend their shared service portfolio, announcing last year that it intends to expand HR and payroll sharing, the latter of which is already done to a lesser degree with other authorities.	Service Birmingham benefitted from a number of factors: • BCC put infrastructural elements into the joint venture but few frontline services. Infrastructure can flex to broader demands more easily than frontline service provision, which has to be more bespoke given the variegated local contours. • BCC ensured that specialists with commercial acumen from the city council were in the vanguard of those transferred to Service Birmingham, meaning the culture gap between city council and joint venture never became too wide, and service provision in Service Birmingham did not falter at inception. • BCC remained highly open-minded in the planning stage and was happy to embrace change and innovate to turn generated capacity into new functionality. • The systems, assets, and operating models of Birmingham City Council, as the UK's largest authority, were already robust and reasonably unified, providing a stable operating base. • The danger for BCC is the high exit cost (estimated at around £90 million) given the extent of Capita's involvement. • BCC's ability to realise its new shared service expansionism hinges on the flexibility of the contract with Capita, with the council having aspirations to reduce its core supplier costs and bank the savings itself through sharing services with other authorities. This exposes that a joint venture contract can delay or preclude the savings possible through alternative sharing models (such as an SLE); however, this must be balanced with the commercial stimulus a private partner can furnish.
Edinburgh City Council	Recently renewed contract with BT until 2016 after the telecoms company achieved 88% of the its improvement targets. The city stands to profit from 22 million in savings from the deal. The City	Edinburgh prospered by only putting in infrastructural elements into the venture, being careful not to commit too much and retain control. This followed a clear operating model where they approached BT on their own terms and stated what they were willing to

Name/Partners	Description	Lessons Learnt
	had recently standardized most of its IT to windows through Microsoft's Infrastructure Organisation Model. The joint venture with BT had previously been renegotiated by Edinburgh, which freed up some 23.3 million in savings over ten years. This money was reinvested in the standardization project with Microsoft.	contribute, rather than being beguiling to hand over more functionality, which would have made contract management, renegotiation, and exit harder.
Rotherham Metropolitan Borough Council	Rotherham combined with BT in 2003, but has pulled out the deal four years early in 2011 after the council expected to generate more than £50 million of savings. The result has left the chief executive, Martin Kimber, to conclude that 'The world has moved on' from private joint ventures, and that Rotherham want to share services with other councils. BT had helped supply: • IT • HR • Customer services • Procurement • Revenues and Benefits	The enterprise was dogged with issues of customer service quality, beset by susurrations of poor delivery and wastage from the shop-floor. Rotherham has come to be regarded as a case of putting too much into a joint venture, resulting in the public partner losing control. The contract proved nonnegotiable and unsuitably managed, leaving Rotherham to ponder a non-existent exit strategy that could cost upwards of £20 million.

1.2.5 Outsourcing

Name/Partners	Description	Lessons Learnt
Suffolk County Council/Customer Service Direct	Suffolk county council established a joint venture in 2004 with BT lasting ten years. The arrangement saw BT provide £53 million of up-front costs, whilst obliging SCC to pay BT £301 million over ten years. However, this figure has risen to £417 million. The venture has left a legacy of acrimony, as former employees have lambasted SCC for not negotiating contracts that	• The massive rise in the contract costs have reportedly come from mark-ups on services outside of the original contract. Liverpool Direct had a similar criticism to make of BT in their contract (worth £70 million per year). • The joint venture was to be a cornerstone of Suffolk's radical outsourcing policy, which they believe will propel them to becoming the ultimate commissioning council. However, the cost of CSD has cast a long-shadow on the model, and leaves the council needing to save around £125 million over the next four years.

	represented value-for-money for the Suffolk tax payers. The outsourcing policy has caused public outcry, as constituents have assembled petitions protesting the 'Virtual Council' model in which all services will be floated to private firms.	They seem intent to follow an outsourcing model to make these savings. • Public fears largely revolve around perceived job losses that a comprehensive outsourcing programme would entail. • The idea has now been put on hold and the leader who proposed it, Jeremy Pembroke, has stepped down. However, there are signs that the 'Virtual Council' spectre has yet to be fully exorcised, as Serco was commissioned for £130 million to provide healthcare in Suffolk, despite the SCC's previous exhortations that outsourcing had failed, quoting the failures of Suffolk, SWO, and the transient issues of BCC.

There are several outsourcing deals in existence in local government and indeed this market continues to grow; the key players include:

- Accenture, who provide consulting, IT and business process outsourcing, though are not too involved with local government.
- Avarto/Bertlesman, who provide IT, Revs & Bens and front office support for East Riding and Sefton Councils.
- BT, who provide IT, consulting, business process, outsourcing services to the likes of Liverpool Direct, Rotherham, South Tyneside, Suffolk, Sandwell Councils, and, most recently, Lancashire County Council.
- Cap Gemini, who focus on IT and Outsourcing for the most part.
- Capita, who specialise in public sector outsourcing, consulting and IT.
- Fujitsu, who provide business process and IT services.
- IBM, who provide IT, consulting, and business process outsourcing services; they have arrangements with South West One and Essex County Council.
- Mouchel, who provide outsourcing, consultancy and facilities management to Oldham, Lincolnshire, Middlesbrough, and Milton Keynes Councils. However, they have recently gone into administration, meaning the scaling back of many services they provided to local authorities; notably, Middlesbrough and Milton Keynes responded by returning some services in-house whilst still using Mouchel for ICT, whilst Rochdale nullified their contract with Mouchel.
- Serco, who provide outsourcing, consultancy and facilities management, with ventures including that at Glasgow Council. Deal with Glasgow is quite innovative, being one of the first in which the public and private partners have an equal stake.
- Steria, who provide IT and outsourcing services, including that to the NHS.
- Vertex, who offer predominantly front office services.

Nearly all of the above would be capable of partnering to provide the services in the scope of this analysis and, as the above shows, have the relevant expertise. Also, for the services in the scope of this document, ICT providers are increasingly entering the market. This additional competition is continuing to drive down costs.

1.2.6 SLEs

Name/Partners	Description	Lessons Learnt
Compass Point Business Services	East Lindsey and South Holland District Councils created this company to provide back office services to both Councils from 1 August 2010. Services in scope include: • Customer Services • Revenues and Benefits • ICT • Human Resources • Finance. The anticipated savings are approximately £30m between the Councils, with savings starting in 2011/12. The company has proved successful in consolidating shared service arrangements between the two controlling district councils and completing work within their constituencies, but as yet have not introduced any further partners or delivered services to external clients. Alongside CPBS, South Holland shares a management team with Breckland, and almost secured a deal to share management with Great Yarmouth Borough council, but this fell through earlier this year.	• These Councils have created the new company at the start of the process and intend to drive through fundamental review of the services through the company rather than prior to their transition to the company. • Prior to formation, a comprehensive review of all five participant services was conducted to illuminate weaknesses and areas where commerciality could be transplanted and bureaucracy trimmed. • Private sector partners (Hitachi, Capita, Microsoft) were utilised to provide specific, one-off systems, but were not involved as parent companies or as board members. This ensured that savings belonged entirely to the councils: Capita was employed for £1 million, but only to deliver Revenues and Benefits computer programmes and document management, netting CPBS a 20% saving in their Revenues and Benefits department. CPBS provide an e-calculator for customers to calculate their benefits. The board consists of councillors and the chief executives of the two councils, ensuring council control and a strong public ethos. • Similarly, no private company was contracted to embed themselves in the change management; rather, individuals with commercial expertise were employed to manage or consult the specialist staff. • The creation of the company cost £4.65million, but this was spent largely on up-front costs rather than on-going payments: things such as redundancies, new computer systems, legal advice, and change advice. • In terms of systems, customer specification workshops were held to define the 80% of functions deemed core by CPBS. This means that, whilst offering a small (20%) scope for systems specification, there is a standardised core of systems that is universally shared between partners and offered to customers, rather than a medley of customised applications that might not be relevant to prospective clients. • Lastly, CPBS are the first company to implement the Microsoft Dynamics AX system, which is specifically designed for a shared services environment.

Name/Partners	Description	Lessons Learnt
Forth Valley GIS	Forth Valley GIS Ltd. is a company limited by shares, wholly and equally owned by the three founding shareholders, Clackmannanshire, Falkirk and Stirling unitary councils. The Board of the company currently comprises two Directors from each of the founding shareholders. The shareholding agreement between the members contains specific provisions to increase membership of the company, providing potential opportunities for other local authority, public sector or business shareholders in the future as well as the potential for employee shareholding. Forth Valley GIS Ltd. is a local authority company that provides Geographical information services, consulting, training, and systems support to the public and commercial sector.	• Building on a highly successful local government partnership over the last 11 years, the new local authority company was incorporated in July 2007 and the transfer of existing staff, business and assets was undertaken. The new company promotes delivery of the benefits of shared Geographic Information Services to a rapidly increasing network of public sector customers, its partners and businesses across Scotland and wider afield. • Recently, Forth Valley GIS was awarded the contract to deliver an innovative Enterprise Web GIS platform and applications to two councils in Tayside. Perth and Kinross Council and Angus Council have worked together to define an approach that balances the delivery of new solutions with the ability to maximise benefits from previous separate investments in GIS. The procurement process was rigorously managed by Tayside Procurement Consortium, the shared service procurement organisation for Tayside. This case shows that companies limited by shares can win contracts, though must go through a robust procurement processes for contract provision. • Forth Valley GIS prides itself on delivering a public-service ethic, striving for the best and most accountable service to its parent authorities, girded with a commercial realism as it aspires to win contracts and get maximum value for the investment placed in it. • Forth Valley GIS partly succeeded because it quickly developed a suite of 12 business applications that met the needs of the three constituent authorities and standardised practise. They also created a one-stop access to over 17 property-based systems, achieving operating efficiencies.
Norfolk Property Services (NPS) Group	NPS is a limited company wholly owned by Norfolk County Council, which was operated as an internal business unit until 2002, when the NPS Group was set up as a limited company. The companies within NPS Group are wholly owned by the public sector, with partner authorities enjoying a share in the companies' success. NPS is a national organisation, delivering a comprehensive and flexible range of property services to both public and private sector clients across the UK, using a base in Norwich and providing client services from a network of local offices setup for	NPS has grown significantly after its inception through the creation of a number of joint venture companies with public and private sector organisations. NPS wields a venerated joint venture business model, in which new partners stipulate which services they want to transfer to NPS; any employees working in these services in the partner authority are TUPE transferred into a new NPS company, which, whilst centralised in the new partner's proximity, draws upon the pre-existing NPS management structure and central resource pool. NPS provide the capital for the creation of this new subsidiary. This model ensures that: • Local Authorities retain a direct influence on the strategic direction of the company through representation on the Board of Directors. This, along with, Norfolk County

Name/Partners	Description	Lessons Learnt
	each Joint Venture.	Council's total ownership of the parent company, means that NPS appeals as a public-sector specialist, evidenced in that the majority of its partnerships are with other councils. • The profits of the company (including those from external clients) are shared between NPS and the partner authorities. • NPS is an attractive prospect to partners, who receive largely bespoke services, and can readily enter partnerships along well-established and repeatable contractual mechanisms; there are currently ten NPS subsidiary companies around the UK generating a turnover of above £40 million for NPS. • NPS manages to foster a commercial ethic. • OJEU procurement rules do not apply, provided that best value can be demonstrated. • All of the commercial risk in establishing the joint venture company is taken by NPS who also provide the capital for investment in service improvements. • Financial independence allows the company to borrow for investment, and enables more effective cash management. A programme of continuous improvement seeks to strip out inefficiencies and unnecessary overheads and provides economies of scale. Some of the key challenges found by NPS include: • Cashflow, as this is a separate company, it must ensure it is solvent; • Capital for investment was difficult at the start and required a significant cash injection from Norfolk County Council; and • Risk management and culture, where a more commercial attitude had to be adopted in order to grow the business.
Acivico	A company constructed by Birmingham City Council to provide and sell property management and planning services. However, on the day of its recent launch the company had to be pulled because of incomplete VAT submissions.	An attempt by Birmingham City Council, who are one of the most innovative local authorities in the shared service market, to create an SLE to tap the planning and property market – so far relatively underrepresented by public sector companies aside from NPS and Salford Urban Vision. The company represented a venture away from BCC's long-term private sector running-mate Capita.

Name/Partners	Description	Lessons Learnt
		The stalled enterprise evinces the importance of commercial competence and assiduous planning, as well as making the case for private sector involvement, whose commercial acumen and investment shoulders the risk burden and largely eliminates administrative transgressions. In short, SLEs must be based on strictly-regulated operating models to succeed – especially when detached from private aegis.

1.2.7 Other Organisations

Name/Partners	Description	Lessons Learnt
DVLA	The DVLA, previously DVLC, assumed vehicular administrative functions from local government forty years ago. It has since converted from paper systems to become a governmental pioneer in electronic service provision. They are responsible for 44 million driver records and collect £6 billion in Vehicle Excise Duty each year. The DVLA has its headquarters in Swansea.	The DVLA represent a good template of the sophistication of a jettisoned governmental function. The agency has succeeded through its adoption of a more commercial model, as well as its willingness to employ increased capacity, born of effective streamlining and modernizing processes, in the development of new services and revenue-generating expedients. For instance, rather than just becoming leaner through the computerisation of its records and services, the DVLA experimented in enhanced functionality; this saw the birth of license-plate customisation. All public bodies can learn lessons from the DVLA in how to firstly achieve efficiency savings, before redirecting the freed capacity into improved service offerings.

1.3 General Conclusions

Our analysis lends itself to a tri-partite grouping of findings. Efficacious management of these three themes will breed success in any paradigm of collaborative venture.

People/Culture	Infrastructure	Operating Model
Dedicated structure: shared service arrangements benefit from having dedicated staff, where officers are not performing shared service responsibilities atop their day jobs. This is achievable through the creation of a separate company. ***Local utility:*** shared service enterprises can be major boons to a local area, addressing popular concerns and delivering jobs. However, if they are seen to be removing employment or curtailing service quality, they can become politically unviable. Tying the successes of a shared service to local improvement is thus an important consideration. ***Right people, right places:*** the likes of Salford Urban Vision and Service Birmingham prevailed because they moved skilled staff into the new companies first. Furthermore, employees chosen for the vanguard were those with commercial or private experience, easing transition. ***Cultural awareness:*** shared services tend to be different beasts to those employees are used to. Identification with the shared brand is important, as is an appreciation of sharing values. Successful enterprises have focused prominently on cultural realignment, through workshops etc., in their infancy – or even in the build-up, in the case of the WETT.	***Effectively integrating systems:*** some of the most high-profile collaborative failures have been due to complications arising from systems unification. Small changes are manageable, but large infrastructural changes frequently hinge on partners already sharing certain systems. ***Systems packages:*** as above, systems pluralism is dangerous to shared services. When considering the offer made to new partners or customers, a concerted and well-defined systems package is needed. This entails a robust, core suite of services that remains unchanged (usually around 70-80% of the functionality offered) with a small scope for customisation based on the partners' needs. A multiplicity of overly-specific applications is a difficult sell. ***Streamlined frameworks:*** the mechanisms by which new partners join can be lubricated and simplified. The Athena project and NPS' contract framework allow for repeatable and standardised expansion; such accessibility is appealing to prospective partners. ***Business Propositions:*** it is important for shared service ventures to enter the marketplace with a set of well-defined business propositions to sell to selected targets, rather than just behaving reactively. ***Asset appraisal:*** some prospective partners may simply benefit from space to host services. Physical location and property holdings are all potential capacity waiting to be tapped, and can act as delimiters to the scope of a shared service initiative.	***Service planning:*** Successful ventures have performed comprehensive reviews of services to gauge their suitability for inclusion; unsuccessful ones have rushed in with n clear picture of which services are fit for incorporation or marketing to customers/partners. ***Representative Governance:*** Ensuring all interests are represented in balanced governance between all partners is critical, rather than having one partner preponderan ***Contract negotiation:*** the rigidity of contracts, particularly in joint ventures, have blighte many shared services. An understanding of potential hidden costs, and in-built agreements for redefinition, can allow market adaptability and ensure continued value f money. ***Visible success:*** the savings and achievements of shared services have often proved difficult to qualify or quantify, leading to confusion regarding efficacy. Robust communication of successes, both for external sales and internal morale, enables share services to flourish. ***What goes in:*** it is possible to put too much into a shared service venture. Putting in frontline services can be risky, but is highly effective if the scale is reasonably small. Fo larger collaborations, infrastructural functionality can flex more easily to meet broad demands and accommodate more partners. Moreover, the services selected should complement the strengths and capabilities of the local authority in question. All this predicates a thorough definition of scope to achieve success. ***Exit strategy:*** often an afterthought but crucial - especially in light of a number of high-profile collapses, such as Rotherham, where extrication from the venture has been tortuous. ***Capacity growth:*** a shared service does not just have to be about cost-cutting. Capacit freed up from leaner processes can be reinvested to drive profit or growth, rather than just being severed as cost reductions. The smart shared service companies plan how they can utilise this added capacity in advance to enrich the shareholders and the local area. ***Appeal of commercial offering:*** It is one thing having shared services founded on lea principles, but this collaboration may struggle to win partners/business unless it can exude cachet. Shared services may not be able to compete with large, private sector outsourcers in terms of delivery capacity, but can concentrate on the quality or uniqueness of their market offering. This could entail an uncommon menu of services, strong branding and marketing, the ambient sale of services in addition to the search fo wholesale partners, or a specific ethos - such as 'by public sector for public sector.'

2 Opportunity Analysis

2.1 Overview

As outlined above, the courtship of partners, the attraction of customers, and the marketing of a beguiling service offering all determine the horizons of any shared service. However, success in these endeavours is in turn contingent on how well they are mapped to the contours of the shared service market. The decision to pursue a collaborative venture will be largely influenced by the market opportunities that exist; these opportunities must be allowed to inform the business model to optimise its resonance – and thus profitability.

Opportunities can encompass viable partners, who can be incorporated to drive wider efficiency savings; prospective customers, to who tailored services can be sold; and underrepresented products, allowing Cheshire to steal a march with a unique service offering. Thus, this section seeks to delineate the nature of the opportunities that exist, initially surveying prospective partners and customers before segueing into an analysis of market trends to unearth the character and extent of other UK shared service collaborations. Some assessments are made based on direct responses following Cheshire approaches, whilst others are researched targets, identified through their individual circumstances or past engagement in shared services.

2.2 Potential Targets: Local Authorities

Name	Comment
Wirral Metropolitan Borough Council	Historically, Wirral and Liverpool have been more likely to share with each other than look elsewhere; however, Wirral recently renewed contact with Cheshire Shared Services about a potential partnership, being particularly interested in ICT, HR, and payroll.
Liverpool City Council	Liverpool Direct, a Joint Venture with BT provides most of the services within the scope of this analysis. It is not envisaged that this arrangement will cease in the near future, but Liverpool City Council have recently visited CWAC to look at the Oracle systems platform.
Halton Borough Council	Halton schools buy into the current Schools Business Support Agreement offered by Cheshire Shared Services at present, but do so independently of the Council. Halton has also approached Cheshire to join in specific shared services, including Civil Protection and Emergency Planning. Halton have recently joined Warrington and CWAC in a shared youth offending service at the expense of the former sharing arrangement between

Name	Comment
	CE and CWAC. CE have decided to go it alone rather than join the pan-Cheshire arrangement.
Warrington Borough Council	Warrington is seeking to actively engage with the existing shared service through the CE ICT strategy team in order to promote closer working for ICT. They have taken up space in the Kelly House data centre. Also, schools in Warrington buy into a number of Cheshire-based services through the Schools Business Support Agreement (SBSA) so have experience of using an external local authority. At present, this is just ‘testing the water’, but due to pressures related to costs and staff retention, this offers a potential opportunity in the short term.
Trafford Metropolitan Borough Council	Trafford is, for the moment considering their internal efficiency programme and as such are not actively seeking to engage with a wider sharing arrangement at this time.
Manchester City Council	No engagement to date.
Stockport Metropolitan Borough Council	Stockport has previously declared that sharing services is an unproven way of generating services; however they have entered into an agreement with NPS for asset services, perhaps implying a growing openness to sharing arrangements. Generally, the Stockport Council is focussing on internal improvements, including: • Re-designing the IT help desk to improve services by resolving more customer problems at the first point of transaction, resulting in a 17% reduction in operating costs, with further efficiencies anticipated; • Re-designing the HR service to improve in productivity, despite being exemplary according to conventional HR benchmarking. Stockport believes that standardisation, which underpins sharing arrangements to a large extent, is not the route to effective low-cost, high-quality services. Services have to be designed according to customer demand, and as such must be intrinsically linked to front-office, non-shared processes. To back this up further, Stockport has taken schools support in-house from Liverpool Direct.
High Peak District Council	Further research/contact needed
Staffordshire County Council	Staffordshire Connects is a sharing initiative between ten councils, centred on Staffordshire. Still in an incipient phase and potentially open to further partnerships. Particularly pertinent seeing the geographical proximity of Cheshire Shared Services. Also mid-way through a five year contract with Kcom to deliver a PSN. Staffordshire has also incorporated with Shropshire and Worcestershire in a sharing arrangement, underlining their emerging resolve to enter the sharing market. Thus far, the triptych of councils has created a new sharing company, but it remains a shell awaiting services.
Newcastle-under-Lyme	Newcastle has displayed tentative interest in enhanced sharing and collaboration. However, it is unclear whether this would be on a contractual or

Name	Comment
Borough Council	partnership basis. CE remains on good sharing terms with Newcastle, having provided support in the form of democratic services in the past.
Shropshire Council	Shropshire is another of the recent LGR Councils and is therefore focused upon harmonisation and completing transitional activity in order to realise the savings projected in the unitary business case. At present, Shropshire is scheduling initial conversations regarding partnership working, though the scope and scale of their proposals and needs are not yet clear – member and senior management meetings are currently being arranged. Shropshire has also incorporated with Staffordshire and Worcestershire in a sharing arrangement, underlining their emerging resolve to enter the sharing market. Thus far, the triptych of councils has created a new sharing company, but it remains a shell awaiting services. Despite this partnership with Staffordshire and Worcestershire, Shropshire recently expressed interest in sharing with Cheshire Shared Services - particularly given the connections inherent in the transfer of Kim Ryley as chief executive.
Wrexham Borough Council	A number of Welsh authorities are currently exploring potential sharing opportunities based around ICT infrastructure.
Flintshire County Council	See above.
Knowsley Metropolitan Borough Council	Further research/contact needed
St. Helens Metropolitan Borough Council	Further research/contact needed
Stoke-on-Trent City Council	Stoke is trying to fuel regeneration and development of the area through new business ventures and partnerships, which includes scope for sharing arrangements.
Cornwall	Cornwall has expressed an interest in sharing arrangements, possibly with LGSS or Cheshire Shared Services, though has previously indicated that it is not willing to join the Southwest One operation. Cornwall remains a possible target following the stalling of it strategic partnership: a planned joint venture with either CSC or BT.
Northumberland	Durham and Northumberland currently share an Oracle system on a semi-formal basis. While Northumberland hosts the system, the Council has previously shown interest in engaging with other authorities to deliver shared services, including the LGSS. However, this did not progress any further, possibly due to the issues associated with job migration out of the area.
Lancashire County Council	The County Council, in association with several other public sector organisations in Lancashire (including Blackburn with Darwen Borough Council, Blackpool Council, Burnley Borough Council, Chorley Borough Council, Fylde Borough Council, Hyndburn Borough Council, Lancaster City Council, Pendle Borough Council, Preston City Council, Ribble Valley Borough Council, Rossendale Borough Council, South Ribble Borough Council, West

Name	Comment
	Lancashire Borough Council, Wyre Borough Council, Lancashire Police Authority, Lancashire Combined Fire Authority, University of Central Lancashire and Lancaster University) recently issued a tender seeking a private sector partner or partners to jointly provide a range of services; BT recently won the tender to be the partner for ten years.
AGMA	While this arrangement is mostly related to procurement activity it is possible that it may expand in the future. Currently concerned with protecting frontline services, and are undergoing a consolidation process before looking to share further.
Somerset County Council	Following their protracted withdrawal from South West One, Somerset are a viable target as it is conceivable they will look for new sharing partners, particularly away from the private sector.
Rotherham Metropolitan Borough Council	Recently exited from a joint venture with BT, with the chief executive stating that, in the shared service climate, joint ventures were becoming anachronistic. Actively looking to partner with other public bodies to share services.
States of Jersey	Low on infrastructural capacity, Jersey could be interested in any arrangement that sees a partner take responsibility for the hosting burden.
Rochdale	Tore up a contract with Mouchel in late 2011 (after only five of the fifteen years of the so-called Impact Partnership) which encompassed highways and property services.
Middlesbrough Council	Recently downsized the extent of its outsourcing with Mouchel, following their administration. Some services being brought in-house that might be targetable for sharing.
Milton Keynes Council	Recently downsized the extent of its outsourcing with Mouchel, following their administration. Some services being brought in-house that might be targetable for sharing.

2.3 Cross-Section of UK Partnerships

Name	Partners Involved	ICT Included	HR Included	Finance Included	Customer Services Included	Revenues and Benefits Included	Payroll Included	Property/ Asset Services Included	Procure ment Included	Other Services Included	Contract Lifespan
Adur Worthing	Adur and Worthing		X							Recycling, management structure, legal	2007 – ongoing partnership
LGSS	Cambridgeshire, Northamptonshire, Norwich City Council, Huntingdon District Council	X	X	X	X	X		X		Internal audit, legal pension, change management	2011 – ongoing partnership. ICT framework deal : 2011 - 2015
Mid-Kent Improvement Partnership (Prospective)	Ashford Borough Council, Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council.	X	X			X				Legal, audit	Planned 2013 collaboration.
London Tri-Boroughs	Westminster City Council, Hammersmith and Fulham Borough Council, and Kensington and Chelsea Borough Council	X	X	X					X	Children's services, adult services, library services	2011 – ongoing partnership
NPS	Wigan (2004), Wakefield (2004), Stockport (2006), Devon (2007), London Borough of Waltham Forest (2007), Hull (2008), Barnsley (2011), Leeds (2012), Norwich (2012)							X			Series of ongoing subsidiary companies established between 2004 - 2012
Liverpool Direct	Liverpool City Council, BT	X	X	X	X	X	X			Business support, organisational development	2001 - 2017
South West One	IBM, Somerset County Council, Taunton Deane Borough Council, Avon and Somerset police	X	X	X	X	X			X	Print and design	2007 – 2017 (Somerset legally negotiating early exit)
ERYC	East Riding of Yorkshire Council, Arvato	X		X	X	X	X			Occupational health, print and design	2005 - 2013
Salford Urban Vision	Salford City Council, Galliford Try, Capita							X		Highways services, landscape design	2005 - ongoing

Name	Partners Involved	ICT Included	HR Included	Finance Included	Customer Services Included	Revenues and Benefits Included	Payroll Included	Property/ Asset Services Included	Procure ment Included	Other Services Included	Contract Lifespan
Cornwall Strategic Partnership (Prospective)	Cornwall County Council, CSC/BT	X			X	X	X			Libraries	Proposed contract was for 10 years with a 5 year extension. Not going through.
Service Birmingham	Birmingham City Council, Capita	X			X					Learning Services, Project Services; HR and Payroll services shortly due for widespread roll-out	2006 - 2021
Edinburgh Joint Venture	Edinburgh City Council, BT	X				X	X				2001-2016
Rotherham Brought Together	Rotherham Metropolitan Borough Council, BT	X	X		X	X			X		Agreed on 2003 – 2015; Rotherham pulled out in 2011.
Customer Service Direct	Suffolk County Council, BT	X	X		X		X				2004 - 2014
Compass Point Business Services	East Lindsey District Council, South Holland District Council	X	X	X	X	X					2010 – ongoing partnership
Forth Valley GIS	Clackmannanshire, Falkirk and Stirling unitary councils									Geographical Information Services	2007 – ongoing partnership
BTST	South Tyneside Council, BT	X	X	X	X				X		2008 - 2018
One Connect Ltd	Lancashire County Council, BT	X	X				X				2011 - 2021
Surrey First	Surrey County Council	X	X					X	X		2010 – ongoing joint committee arrangement
Devon and Somerset Fire and Rescue Authority	Fire and Rescue Services in both counties	X		X							2007 – ongoing partnership
Sheffield Strategic Partnership	Sheffield City Council, Capita	X	X	X		X	X				2009 – 2016; possible six-year extension

Name	Partners Involved	ICT Included	HR Included	Finance Included	Customer Services Included	Revenues and Benefits Included	Payroll Included	Property/ Asset Services Included	Procurement Included	Other Services Included	Contract Lifespan
Transform Sandwell	Sandwell Council, BT	X	X	X	X		X				2007 - 2022
Sefton Strategic Partnership	Sefton Council, Arvato	X	X	X	X	X	X				2008 - 2018
Cumbria Strategic Partnership	Cumbria County Council, Computacentre	X									2012 - 2017
Staffordshire PSN	Staffordshire County Council, Kcom	X									2010 - 2015
Dorset Working Together	Dorset County Council, West Dorset, North Dorset, East Dorset, Purbeck, Christchurch, Weymouth and Portland					X		X	X		2010 – ongoing pathfinder partnership
Dorset PSN	Dorset County Council, Kcom	X									2011 - 2016
Kent Connects	All Kent and Medway councils, Kent Police, Kent Fire and Rescue Service	X									2002 – ongoing pathfinder partnership
KPSN	Kent County Council, Ashford Borough Council, Canterbury City Council, Dover District Council, Kent Connects, Maidstone Borough Council, Swale Borough Council, Thanet District Council, Tonbridge & Malling Borough Councils	X									2009 – ongoing
Cheshire and Northamptonshire Police	Cheshire Police, Northamptonshire Police, Capgemini		X	X			X	X	X		2012 - 2022
Essex Strategic Partnership	Essex County Council, IBM	X			X					Transformation services; more services to be added as reviews continue	Initially 2009 – 2017 with possible four year extension
Unity Partnership	Oldham County Council, Mouchel, Agilisys (ICT subcontractor)	X	X		X	X		X			2006 - 2016

Name	Partners Involved	ICT Included	HR Included	Finance Included	Customer Services Included	Revenues and Benefits Included	Payroll Included	Property/ Asset Services Included	Procure ment Included	Other Services Included	Contract Lifespan
Lincolnshire Strategic Partnership	Lincolnshire County Council, Mouchel	X	X	X				X			2000 – 2015 (now preparing tender for new Joint Venture to run from 2015-2020)
Middlesbrough Strategic Partnership	Middlesbrough County Council, Mouchel	X	X	X			X			Recent five year extension signed until 2016, but many services once provided by Mouchel are being brought back in-house, e.g. property management, procurement	2001 – 2016
LLP (Limited Liability Partnership)	Glasgow City Council, Serco	X								One of first partnerships where public and private partners have joint share.	2008 - 2018
Milton Keynes Strategic Partnership	Milton Keynes County Council, Mouchel	X								Contract was redefined in 2012 as services were brought back in-house	2004 - 2018
Southwark Strategic Partnership	Southwark, Serco	X								Project management	2001 - 2012
Ealing Strategic Partnership	Ealing, Serco	X									2007 - 2017
West Sussex Strategic Partnership	West Sussex, Capita, Serco	X	X	X			X			Pensions, procurement. Capita had an ICT contract from 2010, but this was expanded in 2012 to provide more services.	2012 - 2022

2.3 Conclusions

The above cross-section highlights some interesting trends in the UK Shared Service market:

1. Successful Joint Ventures tend to be those in which the public partner invests only a few services. This implies that control and a strong identity are crucial in Joint Ventures - a point that has been made painfully apparent through the acrimonious severance of contracts by disenchanted public bodies. This trend seems to have culminated in the recent development of equal liability partnerships, where the participant local authority has boardroom parity.
2. Conversely, the most successful constitutional models, such as LGSS, are those that can share as many services as possible; the more services shared between multiple public bodies the greater the efficiency savings.
3. The market is replete with ICT, HR, and Finance offerings. Some successful SLEs have instead targeted a market niche (such as property services or GIS) to steal a march on the competition. However, ICT, HR, and Finance services remain marketable for collaborative companies (especially with immediate geographical neighbours) thank to their ubiquitous necessity; any foray into providing these services must be carefully configured, with clear business propositions and consideration of selling points.
4. Many local authorities are contracted to long sharing arrangements, limiting the market for partners. However, there is a prospectively fruitful market in targeting the growing segment of authorities who are divorcing from their private partners but are still keen to share services; the Joint Venture experiences of some have, in fact, catalysed a resolve to share specifically with public rather than private cohorts. Targeting these authorities would require a willingness to partner with authorities outside of the immediate locality.
5. Regarding relatively untapped markets, there is potential scope for targeting SMEs, who historically welcome the reliable provision of back-office business support that they struggle to realise themselves. Such a campaign could be a vehicle for local economy stimulation and regeneration in-line with strategic council goals, and could represent a tangible political boon.
6. Contracts for Joint Ventures and Outsourcing arrangements are getting shorter. The forced schisms between certain local authorities and their private partners in wake of failing operating models have made authorities wary of embarking in long, fixed contracts. Exit strategy and renegotiation have been thrust to the forefront of shared service planning, and this is reflected in the common length of contract shrinking from ten years to five. This means that there will potentially be a greater, recurring swath of partners becoming available, but more competition.