SHARED ENVIRONMENT SERVICE REVIEW REPORT

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February 2017

SHARED ENVIRONMENT SERVICE REVIEW REPORT

1. BACKGROUND

1.1 In June 2015 Kingston and Sutton councils decided to set up a Shared Environment Service (SES) which included Environmental Health,Trading Standards, Sustainable Transport and Highways & Transport. Key objectives were to enhance customer service and improve service resilience, while reducing service costs. This decision was taken at a time of continuing change for local government and against a backcloth of severe financial constraint, increasing demand for many services and with both councils predicting significant growth over the next 20 years.

1.2 Kingston and Sutton are increasingly seeking service provision through a commissioned approach, where leadership and accountability is undertaken by a strategic core and services commissioned to deliver specified outcomes from a mixed economy of providers. While services will continue to be publicly organised, they will not always be publicly delivered. The SES was set up in line with this service provision philosophy.

1.3 In examining options for the SES, a target operating model was chosen which reflected the commissioning approach being followed by both councils, with services commissioned and delivered to meet agreed outcomes. Following the appraisal of a number of different potential delivery options, it was decided that a shared service offered the best approach at that stage, with a further examination of the business case for either an expanded shared service to include other councils, or an external model option to be made at a later stage, once a fully integrated shared service had been established.

1.4 The implementation of the SES commenced in November 2015 and was substantially complete by the following April. As we approach the anniversary of full service operation, this review takes an objective look at how the service is currently performing and the degree to which the principal objectives behind its establishment have been realised. It considers the successes the SES has had and identifies areas for further improvement, to enable the original objectives to be fully achieved.

1.5 The review included the setting up and running of a number of consultation events with staff in the SES, members of the SES Joint Member Board, the two Chief Executives, councillors and selected stakeholders. This work was led by Trudy Worth of Assur, an organisational development consultancy. Meetings were also held with representatives of three other environment shared services in London to assess how the Kingston/Sutton service is operating in comparison to these. A further meeting took place with the Service Director for Regulatory Services at Regional Enterprise, Barnet's joint venture with Capita, to see if any useful operational ideas for the SES can be drawn from this different service model.

2. VISION, OBJECTIVES AND OPPORTUNITIES FOR IMPROVEMENT

2.1 The vision for the Shared Environment Service is:

'To deliver a shared approach to the commissioning of services, including Regulatory Services and Highways & Transport, in order to achieve savings and promote service resilience while retaining service quality and customer satisfaction.'

2.2 The three principal objectives identified for the SES in this vision are therefore:

- Achieve financial savings
- Ensure service resilience
- Maintain service quality and the level of customer satisfaction

2.3 A number of specific opportunities for improvement were also identified from shared service operation:

- **Increased proactive work**: team sizes have reduced as a result of budget reductions over a number of years, this resulting in a disproportionate focus on reactive work at the expense of proactive work.

- **Service integration**: the potential to consolidate like activities to achieve a more consistent approach and improve productivity.

- **Improved management**: budget reductions have also led to increased operational activity by managers to the detriment of their principal management function.

- **Shared specialist resources**: service contraction has left gaps in the specialist resource needed to fully exercise statutory duties.

- **Shared out of hours services**: service contraction has made it difficult to provide full out of hours services.

- **Generic working**: shared resources and the introduction of increased generic working and flexible staff deployment to provide greater service quality and resilience.

- **Contract management**: the consolidation of contract management activity and expertise to achieve improved service delivery and cost efficiency.

- **Business support**: rationalisation of local and core business support functions to improve the level and quality of support.

- **Customer enquiries:** the introduction of more self-service and streamlined processes in association with a corporate review of the Customer Contact

Centre. Improved responsiveness to Members, including a consistent approach to increasing their awareness of Ward activities.

- **ICT:** the introduction of modern business systems and technology to assist mobile working and the integration of systems across the two boroughs.

- **Performance management:** the use of PIs in a consistent manner to hold service suppliers to account and to identify service areas requiring improvement.

- **Commercial awareness:** the development of a culture of commercial awareness of both costs and income as a means of improving efficiency and contributing to required corporate savings.

2.4 The three principal objectives for the SES: achieve financial savings; maintain customer satisfaction; and ensure service resilience have been broadly met over the service's first year of operation. The required first year saving of £650k has been delivered. While there is no robust objective measure of customer satisfaction, if the feedback from the Members who participated in the stakeholder questionnaire is taken as a proxy for this, service performance overall has been satisfactory. This suggests stability of performance, despite the significant changes that have taken place and, in particular, despite the turnover of managers and agency staff in the Highways and Transport service. With regard to service resilience, there have been notable examples of improvement, particularly in Regulatory Services.

2.5 In terms of service achievement, there have been a number of significant highlights during the first year of the SES. A £12m 2016/17 joint Highways & Transport capital improvement programme has been established, which includes Sutton schemes deferred from 2015/16; a new Sutton Parking Strategy has been agreed, with a £1.7m plan to allow delivery to begin awaiting Member approval; a new Air Quality Action Plan is being delivered in Kingston; a £7m externally funded flood alleviation funding package has been secured; and a successful partnership has been established with NSL for the delivery of environmental enforcement services across both boroughs.

3. OPPORTUNITIES FOR IMPROVEMENT ANALYSIS

3.1 The business case supporting the establishment of the SES identified a number of opportunities for improvement which would support the achievement of the principal objectives. This section of the review considers these opportunities and the degree to which they have been realised. The individual opportunities are set out in bold with a concluding comment for each also shown in bold.

- **Increased focus on proactive work: team sizes have reduced as a result of budget reductions over a number of years, this resulting in a disproportionate focus on reactive work at the expense of proactive work.**

3.2 While the Strategy and Commissioning and Design and Delivery service separation in Highways and Transport has been successful in allowing the latter team to focus on the proactive design and delivery of a common shared works programme, either directly or through outsourcing to consultants, reactive pressure has remained disproportionately high in the Strategy and Commissioning team and elsewhere throughout both parts of the SES. The practice of Members raising responsive issues directly with officers appears also to be a contributory factor.

3.3 Full realisation of this objective requires reactive service demand to be better managed. There are a number of initiatives that would help achieve this: clear definition and publication of service policies and standards; maximisation of service user self-help via the councils' websites; maximisation of the utility of contact centres for successful one stop enquiry/service request handling and closure; service briefing sheets for Councillors to help them better deal directly with constituent enquiries or to redirect enquirers to online information on service standards and service request reporting; agreement to common service standards for enquiry response; better alignment of Member expectations to service capacity; all Member enquiries to be centrally recorded before distribution for reply.

3.4 Further work required on service demand management to achieve this improvement.

● **Service integration: the potential to consolidate like activities to achieve a more consistent approach and improve productivity.**

3.5 There has been some achievement in Regulatory Services, resulting in a more flexible and resilient service and aided by new recruitment into the existing shared service. While the co-location of services is desirable in team building terms, it is not generally practical from existing service bases. This is because of local operational needs and the potential loss of interaction with other locally based key service contacts, clients and customers.

3.6 The potential for the co-location of Highways and Transport Design and Delivery team (to access CAD) and Network Management Streetworks Engineers (for service efficiency and resilience) is being considered.

3.7 In the absence of significant co-location, regular team meetings and effective and consistent communication through these are vital to support the single shared service ethos. The basis for this is in place and Group Managers and Team Leaders have established effective two centre operation.

3.8 Some successful examples of service integration but constrained by the need for most services to retain local accessibility, both physically and to other local service providers, as well as to clients and customers.

- **Improved management**: **past budget reductions have led to increased operational activity by managers to the detriment of their principal management function.**

3.9 Staff vacancies in Regulatory Services during the first year of the shared service, and a high number and turnover of agency staff and interim managers in Highways and Transport, have drawn managers into operational management to help maintain service delivery. In the absence of a specific Commissioning Plan, there is also no specific link between workload and resource capacity. The recent successful staff recruitment in Regulatory Services and the arrival of a new permanent Group Manager for Highways and Transport should support greater team manager attention to management. The establishment of the SES also highlighted the need for the supportive management development for Team Leaders and other managers in the Highways and Transport shared service and a coach-led programme has been put in place for this.

3.10 Fundamental to improved management is better direct communication through the channels of group and team management meetings - this is being pursued.

3.11 The review of feedback from service stakeholders has identified the need for improved leadership from managers and a suggested approach to achieve this is set out in Section 6.10 of this report.

3.12 While some actions have been taken or are in hand to deliver this opportunity for improvement, the analysis of stakeholder feedback has identified a number of additional actions to improve leadership in the shared services.

- **Shared specialist resources: previous service contraction has left gaps in the specialist resource needed to fully exercise statutory duties.**

3.13 These gaps have been particularly pronounced in Regulatory Services where the shared service has enabled greater service resilience in the food safety, air quality and contaminated land service areas while staff shortages were addressed.

3.14 Resources from the Highways and Transport Strategy and Commissioning team were successfully deployed to help prepare the new Sutton Parking Strategy. Staff resources have also been successfully re-deployed within Strategy and Commissioning (between the two bases, as well as within each office) to assist with particular peaks in workload being experienced by various Senior Professional Engineers, and between the Strategy and Commissioning and Design and Delivery teams.
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 3.15 Experience to date has indicated that significant benefits are achievable from shared specialist resource.

- **Shared out of hours services**: **service contraction has made it difficult to provide full out of hours services.**

3.16   No opportunities have yet been realised for shared out of hours services. Two of the most obvious are winter maintenance and highways, although existing contractual arrangements and an apparent wish for autonomy in decision making appears to be inhibiting this. A further opportunity to consider winter maintenance arrangements may arise in April with Veolia becoming Sutton's waste contractor or, failing this, in April 2019 when the full South London Waste Partnership with Veolia assumes operation. Work is underway, however, to seek shared weather forecasting arrangements either jointly or a London wide TfL initiative. Another obvious potential area is the out of hours noise service. The present arrangements are Sutton based and reflect those in place at the commencement of the SES. Consideration will be given to a service covering both boroughs when Regulatory Services has a full staff complement, subject to budget availability .

- **Generic working: shared resources and the introduction of increased generic working and flexible staff deployment to provide greater service quality and resilience.**

3.17   While the introduction of the shared service has assisted in reducing the vestiges of a 'silo mentality' and helped provide service resilience, many staff have specialist knowledge and have struggled to embrace the concept of generic working.

3.18   Other authority shared services are seeking to introduce generic working in highway inspection, utility company supervision and highway enforcement, although this requires considerable staff training. The success or otherwise of such arrangements should be monitored.

3.19   Some challenging examples of generic working are being pursued by other shared service authorities and should be watched to see if they are successful and have potential for the SES.

- **Contract management: the consolidation of contract management activity and expertise to achieve improved service delivery and cost efficiency.**

3.20   Contract consolidation offers the potential for contract rate savings and management efficiencies from the inherent economies of scale. This is however, only achievable when existing contracts are managed to co-terminate, normally through the appropriate arrangement of contract extensions.These opportunities have yet to arise with the SES major highways and street lighting contracts.

3.21   The SES is in the process of re-letting the Sutton highways and street lighting contracts and the opportunity is being sought for both shorter term contract flexibility and longer term contract consolidation when Kingston's equivalent contracts terminate.

3.22   There are current contract management issues with both existing street lighting contracts. These fall under the responsibility of the Highways Contracts and Delivery

Team Leader post which is currently vacant. A suitable strategy to deal with these is being sought.

3.23 Although small scale by comparison, Regulatory Services have established a joint contract for stray dogs. The procurement processes for this appeared disproportionate for the scale of the contract and suggest the potential for a more streamlined process.

3.24 The opportunity to achieve this improvement for the major contracts has yet to arise but is being anticipated in re-let contracts. The potential to streamline procurement processes for small contracts may warrant corporate consideration.

- **Business support: rationalisation of local and core business support functions to improve the level and quality of support.**

3.25 Feedback from staff and managers indicates a lack of satisfaction with the current level of service from corporate business support teams and the priority given to SES requirements. This indicates the need for a further dialogue with these teams to review the present division of labour and see how this might be optimized within available resources.

3.26 A review of the Technical Operations Team in Highways and Transport was undertaken in May 2016 and resultant action plan, including savings targets, still needs to be delivered. Moreover, as the new approach to shared service delivery becomes embedded, aspects of the action plan itself will need reviewing and updating.

3.27 Current business support arrangements are not fully adequate and a continued dialogue needs to take place with both corporate business support teams to understand how they can better support the shared service.

- **Customer enquiries: the introduction of more self-service and streamlined processes in association with a corporate review of the Customer Contact Centre. Improved responsiveness to Members, including a consistent approach to increasing their awareness of Ward activities.**

3.28 The quality and timeliness of replies to Member enquiries was an initial problem for the SES. Additional temporary resource has been successfully deployed to resolve this and a review undertaken of current correspondence processes. A new system for correspondence management in Highways and Transport has been approved by the Environment Commissioners, with discussions ongoing in relation to Regulatory Services.

3.29 The volume of member enquiries in Sutton continues to be disproportionately high. Engagement with the Portfolio Holder would be worthwhile to explore how this volume might be managed, including better provision of information to Ward

Councillors to enable them to deal with constituents' enquiries directly, or to redirect constituents to self-help online services.

3.30 The current corporate review of Customer Contact Centre provision offers the opportunity to seek to maximise the Centre's ability to act as a more effective one stop shop for routine customer enquiries.
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3.31 All opportunities need to be taken to assist the management of customer enquiries and service requests, through the online publication of service policies and standards and the maximisation of service user self-help via the council websites.

3.32 While the SES is now delivering a higher level of service for Member enquiries and a new correspondence system for Highways and Transport is in the process of being implemented, further action is required to better manage enquiry demand through the provision of additional service information to Ward Councillors, website self-service and more effective Customer Contact Centre operation.

- **ICT: the introduction of modern business systems and technology to assist mobile working and the integration of systems across the two boroughs.**

3.33 This remains one of the greatest impediments to realisation of a fully effective shared service and the most frequently raised issue by staff and managers. Access to drives and printers from partner offices continues to be a problem and source of considerable frustration and ineffective operation. The two councils continue to operate different software systems for the same areas of service provision.

3.34 The establishment of the SES has not had the benefit of a comprehensive associated ICT implementation plan to deliver the system standardisation and support needed by the shared service. A list of both strategic and local ICT issues has been prepared and discussed with the Interim Head of the ICT shared service. A dedicated project resource is being put in place to respond to the issues and progress work to integrate ICT across the shared service.

3.35 ICT rationalisation is always a significant complication and challenge in establishing shared services and needs a supported, proactive and resourced plan to deliver the required change. The integration of basic software systems remains a top priority.

- **Performance management: the use of PIs in a consistent manner to hold service suppliers to account and to identify service areas requiring improvement.**

3.36 A single common Highways and Transport capital programme has been prepared with a RAG status performance monitor and requires robust management oversight to ensure any inherent risks are proactively identified and managed. This will

need to be looked at again once the outturn position on the 2016/17 programme is known.

3.37 An agreed common set of performance indicators still needs to be put in place. Not all those contained in the draft Service Level Agreement have yet been agreed, and there are resource implications in doing so. This is further impeded by the different monitoring systems in use by the two councils.

3.38 The absence of robust performance data has made it difficult to objectively monitor trends in SES performance.

3.39 Meaningful common performance standards and performance indicators remain to be put in place.

- **Commercial awareness: the development of a culture of commercial awareness of both costs and income as a means of improving efficiency and contributing to required corporate savings**

3.40 The focus during the first year has been to establish the new shared service and maintain service delivery. Opportunities for the potential provision of additional charged for services have however been identified in Regulatory Services. Highways and Transport fees and charges have been reviewed in Sutton and the opportunity taken to introduce some new fees and gain income.

3.41 The meetings with other authority shared services and the Joint Venture Regulatory Service in Barnet has revealed that they are all actively seeking new commercial opportunities to sell services. Most have recognised a need to seek external expertise to work with them in realising potential commercial opportunities.

3.42 Where there is an existing opportunity for additional income generation, for example in providing pre-planning advice to developers, there is commonly an issue as to which service this income is credited. It should go to the individual service provider to as a matter of equity and to encourage income maximisation.

3.43 In addition to generating income, early decisions looked at maximising use of external consultants in some areas where work fluctuates and where a full complement of in house staff is driving up costs and potentially limiting expertise. This model needs to be examined in more detail and if appropriate, taken forward.

3.44 There is a particular appetite for pursuing new commercial opportunities in Regulatory Services subject to available capacity. Certain other local authorities are known to offer well developed commercial services and we should seek to learn from their experience. Opportunities need to be looked at further in Highways and Transport both in terms of generating income but also in using alternative models of delivery where outsourcing of some work may be more appropriate.

3.45 While there has been some realisation of the opportunities for improvement, further action is required if these are to be more fully achieved. This should form part of a timetabled implementation plan along with the other recommendations arising from the review.

4. STAKEHOLDER FEEDBACK

4.1 As part of the review, feedback on the SES was sought from a range of stakeholder groups including:
- SES Management Board - Directors and Commissioners
- SES Service Managers
- SES Staff
- Councillors on the SES Member Board
- Councillors (selection)
- External stakeholders

Feedback was collected through 1to1 interviews, questionnaires, focus groups and group discussions. This work was led by Trudy Worth of Assur and the recommendations arising from it incorporated into Section 6 of this report.

SES Management Board interviews

4.2. The Management Board retained a strong commitment to the SES and recognised a number of significant first year achievements, including the delivery of the year 1 savings target, the resolution of past LIP delivery issues and introduction of more robust reporting and project tracking in Highways and Transport.

4.3 On reflection, the Board felt that in setting up the service, insufficient attention had been given to involving and communicating with staff and to the challenge of bringing the different service cultures together. This was seen as a continuing issue. Certain service weaknesses in Highways and Transport had also not been adequately anticipated, although an improvement plan had been put in place to address these.

4.4. The Board were aware that limited progress had been made in addressing the originally identified opportunities for improvement, with particular reference to the integration of service processes and procedures and ICT systems. Both represented impediments to fully effective shared service working. Greater clarification of governance arrangements and the commissioning role was also needed.

4.5. In terms of the two services, the Board felt that Regulatory Services were performing well with the potential to develop a more commercial approach and to move away from the past more traditional service focus. Highways and Transport had experienced a difficult start with the absence of a permanent Group Manager and the challenge for Team Leaders and staff of moving to a commissioning role. The

considerable committee reporting requirements in Kingston also impacted on the operation of Highways and Transport.

Highways and Transport managers focus group

4.6 Service Managers felt that communication and consultation during the formative stage of the SES was inadequate, particularly in regard to service operation. The strategic vision and objectives for the service lacked clarity and were not readily accessible to and owned by staff, nor was there a clearly articulated culture for the new service.

4.7   The establishment of the SES lacked and is still lacking a detailed implementation plan, and a lack of support from outside the service. There had been little or no integration of ICT systems and no establishment of common processes and procedures. Both were a source of frustration and confusion to staff.

4.8   Service expectations had been set too high for the available resource, particularly given the turnover in managers and agency staff and the ongoing absence of one Team Leader. Committee processes were seen as particularly time consuming.

4.9   The initial SLA needed to be refreshed to provide greater clarity of service requirements and to be supported by an annual service or business plan.

4.10   With split teams, time was lost travelling with inadequate hot desking facilities in Denmark Road.

Regulatory Services managers focus group

4.11   Regulatory Services managers were comfortable with the rapid pace of the initial change but had wished it to have been more operational manager scoped. The further restructure in April 2016 had proved unnecessarily unsettling for staff. Managers found the governance arrangements unduly cumbersome and wished to see greater empowerment.

4.12   There was a concern that the change had been driven by financial savings not operational need and, that it had lacked a phased implementation plan. The high initial vacancy rate had only recently seen some improvement.

4.13 ICT systems were still awaiting integration and problems with access and shared drives continued. Procedures and processes had not been standardised. Inadequate arrangements for personal travel were affecting service productivity.

4.14   The shared service had yet to establish its own identity.

Highways and Transport staff survey

4.15   Staff want regular service and team meetings to aid communication and to provide a better understanding of what they are meant to be doing, why and how they should be doing it. More clarity is required about the vision and objectives for the SES and how the staff can contribute to this. This also applies to the SES structure and team roles and responsibilities, where clarity is required to avoid any potential duplication.

4.16   The turnover in senior managers and their capability limitations had adversely affected the service. Managers are seen as too aloof and as having failed to properly involve staff in change management, despite the desire of staff to make the new arrangements work. Staff felt undervalued, overstretched and not listened to.

4.17   Staff needed improved and integrated ICT; its absence, and poor ICT support generally, was seen to be adversely affecting their ability to deliver the service and to be causing undue stress. There was a similar feeling about the need to integrate policies and procedures.

4.18   In the absence of stable management to provide direction and focus, staff considered the service under-resourced. Some poor and ill informed decisions were perceived to have adversely impacted on workloads and performance. Permanent staff needed to be recruited to fill vacant posts.

4.19   Corporate business support was seen as currently inadequate and inhibiting a more commercial approach to income generation - arrangements needed to be reviewed to ensure that opportunities were not being missed.

Regulatory Services staff survey

4.20   The responses from Regulatory Services staff were more positive in both quantitative and qualitative terms than those from Highways and Transport.

4.21   They welcomed regular all-service meetings which provided a good opportunity to network. They too wished to have more clarity around the vision and objectives and how each team could best contribute to their achievement. Staff vacancies needed to be filled.

4.22   Team Leaders should be actively seeking the best practice from the two boroughs and new ways of working. Leadership generally needed to have a higher profile and to show its support for the services and that they are valued.

4.23   ICT attracted the highest number of comments - staff wanted a high quality, integrated ICT system with a shared drive and database accessible by all.

4.24   Regulatory staff wished to see far greater service integration, the adoption of common standards and procedures, and more opportunity to work in the other borough.

4.25   Corporate business support in Kingston was seen as inadequate and as was the Contact Centre which passed through unrelated calls and failed to set up records correctly.

Staff discussion groups

4.26   120 staff attended a half-day event which took the form of two small group discussion sessions to:
- Review the first 12 months of the SES and what had gone well and less well.
- Look forward and consider the changes and developments necessary to make the SES more effective including what people could do individually/in their teams.

4.27   In terms of what had gone well, staff believed that the natural synergies between RBK and LBS were being successfully leveraged with greater programme coordination and improved programme performance, more efficient working with less duplication while also delivering the required savings. Staff were largely positive about the SES, working together and supporting each other. The SES offered the opportunity to work with and learn from new colleagues and to share experience, ideas and best practice. It was felt that the transition was achieved without major upheaval and that staff were going out of their way to deliver services under challenging circumstances.

4.28   There was greater feedback on what had gone less well with ICT; communication; staffing; integration and processes; geography; leadership; and culture emerging as key themes. A number of these are clearly interconnected.

4.29   ICT was the source of greatest complaint by staff, with shared drive access, mobile technology unfit for purpose, database integration and poor ICT support all stated. ICT was seen as a hindrance to work around rather than an enabler.

4.30   Communication was the next most significant issue. Staff felt they did not hear enough from management generally and, in particular, about the vision and objectives for the SES and about how the shared service was doing. The consultation that had taken place with staff was considered cosmetic.

4.31   The high number of unfilled vacancies was a recurrent and strong theme. The use of and turnover in agency staff and interim managers put additional pressure on permanent staff. A reduction in staff and an increasing workload had resulted in an undue focus on reactive work. Staff were also seeking greater clarity about their roles and responsibilities.

4.32   Feedback from a number of groups reflected a feeling that there had been little integration and a lack of a shared identity. Locality based working made it difficult to work across the two boroughs and to move to consistency in ways of working.

4.33   The distance between the two boroughs, as well as being seen as a barrier to integration, represented a travel challenge both in terms of the amount of time required and practical issues like parking.

4.34   Concerns were raised about the quality of management, lack of leadership and management visibility within the SES, possibly as a result of the number of interim managers. Managers lacked an understanding of current working pressures. It was felt there needed to be more realism and support to staff in managing expectations, particularly those of Members.

4.35   Staff feedback on a number of themes suggests that the SES has yet to establish a distinctive and integrated culture. Communication and the way people are managed and led will also be impacting on culture, as will the levels of engagement and involvement people feel.

External stakeholder interviews

4.36   Feedback was obtained from four external stakeholders with different connections to the SES. All were largely satisfied with their relationships, these being based on already established personal relationships, and despite not receiving any formal communication explaining the formation of the SES. Stakeholders reported some initial inertia, problems understanding who is responsible for what and concern about reduced staff numbers. Matters had however since improved.

4.37   Both Highways and Transport stakeholders (TfL and Kier) understood the challenges facing local government. They reported less bureaucracy, more focussed working and a growing sense of partnership working. Some concern was expressed about budget management, with this attributed to the turnover in managers, and about future service resilience.

4.38   Regulatory Services stakeholders considered programme management and reporting to be effective, with regular meetings. Some concern was however expressed about SES staff taking ownership without matters having to go through multiple layers.

Member interviews and questionnaires

4.39   Member feedback was based on a sample of only nine members, seven from Sutton and two from Kingston, as only half of those approached responded.

4.40   While Members did not show a consistent understanding of the SES, they were supportive of the shared service approach, particularly in the light of the financial challenges facing local government. They also appreciated the staff recruitment

difficulties the SES faced. They would welcome more clarity on the structure and regularly updated staff charts.

4.41   Overall service performance was only considered to be satisfactory and there was a feeling that LBS was less well served than RBK.

4.42   The majority of the feedback related to Highways and Transport, where the quality of the work delivered was considered good, but too often behind schedule. Members felt that inadequate updates were provided on both issues and projects which they therefore had to chase.

4.43   Those responding felt there was a need for a greater focus on individual wards rather than the bigger picture. They also had concerns about the strict application of criteria and policies in officers considering Members' requests, which tended to exclude local values Members could add. Officer responses to enquiries were often felt to be too technical and suggestive of a defence mechanism designed to deflect their requests.

4.44   Staffing difficulties and turnover appeared to result in issues not being dealt with and occasionally in poorly briefed officer attendance at meetings. Members expressed a willingness to change their ways of working so they could assist as much as possible.

4.45   Members on the SES Joint Member Board believed that there was a strong and positive relationship between the two councils and that individuals worked well together. Board attendance was however inconsistent.

5. LEARNING FROM OTHER SHARED ENVIRONMENT SERVICES

Background

5.1 As part of the review, meetings were held with representatives of three other authority environment shared services in London to discuss how their services were operating and to see what lessons might be learnt for the SES. As part of this exercise the degree to which the other shared services had managed to achieve the opportunities for improvements being sought from the Kingston/Sutton SES was also explored.

5.2 Meetings took place with two highways and transport shared services: Kensington and Chelsea, the lead authority for their shared service operation with Hammersmith and Fulham (previously known as the bi-borough service); and the Richmond and Wandsworth Shared Staffing Arrangement (SSA). Kensington and Chelsea shared service commenced in 2014, while the Richmond and Wandsworth SSA only formally started in October 2016 and is therefore still very much in its early stages. For Regulatory Services a meeting was held with Merton, the host authority for the shared regulatory service set up with Richmond in August 2014.

5.3   A meeting was also held with Barnet to discuss their different Joint Venture model of service provision for regulatory services, to see if there were any useful organisational or operational ideas for the SES.

Merton and Richmond Shared Regulatory Service

5.4   The shared service commenced in August 2014 with Merton as host authority. While Croydon had also been party to the preparatory work for the shared service, they decided not to participate. Following the recent establishment of the Richmond and Wandsworth SSA, discussions are presently underway with Wandsworth with a view to them joining the shared service. This would be in line with their Target Operating Model (TOM) to expand the shared service to include other councils.

5.5   The following points are worthy of note:

- number of managers reduced from 12 to 5 on the establishment of the shared service.
- service is risk based and intelligence led - not all complaints investigated.
- shared service reports quarterly to a Joint Regulatory Committee on performance and information items only - this has raised the profile of the service.
- Wandsworth have more formal committee arrangements.
- dual IT systems are still operated pending identification of new system that can provide for shared service operation and mobile/home working.
- shared service operation seen as an attraction for staff recruitment.
- shared service operation has permitted expertise sharing on contaminated land and air quality.
- co-location seen as ideal managerially but Members want locally based staff.
- complaints/enquiries are to move to web-based only as part of the TOM with websites redesigned to simplify navigation.
- Merton administrative support is dedicated given specialist knowledge needed - Richmond is hub-based and not considered effective.
- further savings to be achieved - commercial opportunities being investigated with possible marketing assistance.
- use Kingdom Security for litter enforcement with contract to be extended to include ASB.

5.6   This shared service is now well established and operating risk based and intelligence led services with light touch committee reporting. Dedicated administrative support is considered most effective given service complexities. Dual IT systems remain in operation pending the availability of suitable software to support shared service operation and mobile working. Further savings are being sought through streamlining the enquiry process, growing third party enforcement, the addition of a further borough to the shared service and the provision of fee earning commercial services.

Richmond and Wandsworth Shared Traffic and Engineering Service

5.7 The shared service has a staff establishment of 50 and covers planned highways maintenance, drainage and flood management, highway structures, street lighting, traffic management, parking management, parking contract and CCTV. The service is managed by an Assistant Director, reporting to the Director of Environment and Community Services. The establishment was determined by a financial savings target. To achieve this there were staffing reductions at all levels.

5.8 The following points are worthy of note:

- service policies and standards being put in place to better manage reactive requests and enable priority proactive work to be progressed.
- co-termination of major contracts being sought to enable additional savings to be made.
- single 'box' being planned for enquiries to ensure all are recorded and managed.
- use of framework contract to draw off specialist consultant staff when potential external funding more than covers their cost and gives net income to the shared service.
- corporate invest to save funding being sought to fund required ICT changes.
- separate invest to save funding being sought to deliver solution to income loss problem with potential for significant service income gain after investment payback.
- formal decision making already streamlined in Richmond but not in Wandsworth.

5.9   With a net loss of staff resource, specific attempts are being made to have policies and service standards in place to manage reactive service requests and enable a proactive work focus. The shared service actively seeks additional income sources, even small amounts, as a means of bringing in new money to support the service. In this regard the shared service is seeking to follow the Ealing practice and ensure it receives credit for provision of chargeable pre-planning advice.

Kensington and Chelsea Shared Highways and Transport Service

5.10   This is a shared service contract with Hammersmith and Fulham only and previously known as the bi-borough contract. It commenced in 2012, covers highways, transport and parking and has a staff complement of 190, including 50 CEOs in H&F. The shared service is managed by the Director for Transport and Highways who reports to the Chief Executives of both councils.

5.11 The following points are worthy of note:

- establishment of shared service preceded by 6 months grassroots service review with staff to decide best practice and followed by 6 months change plan.
- three services co-located: highways, network management and parking.

- call-off partnership contract with Project Centre for design resources currently employing 10.
- fast formal decision making in K&C via decision report to fortnightly Cabinet Member meeting.
- lengthier multi-stage formal decision making in H&F.
- separate operation of both winter maintenance and out of hours services.
- working with H&F Commercial Director to identify new income streams.
- contract consolidation not achieved.
- policy alignment not achieved given current different political administrations.
- ICT standardisation planned but not yet achieved.

5.12   Detailed preparatory work with staff assisted buy in and ownership of shared service. It also allowed identification of best practice in each borough for adoption as common processes.The geography of the two boroughs has facilitated co-location of selected services. As with other shared services, new income streams are actively being pursued.

Barnet Regulatory Services Joint Venture

5.13 The Regulatory Services Joint Venture forms part of a larger joint venture with Barnet for the provision of environmental and regeneration services. The present service manager was previously employed by the council and fully involved in the setting up of the joint venture before being transferred under TUPE to the new service.

5.14 The following points are worthy of note:

- contract has 19 KPIs with financial penalties for non-achievement - acts as major incentive to staff to meet service performance targets.
- contract includes share arrangement for surplus income.
- trading standards operate on risk based approach
- commercial opportunities (not specified) being pursued with specialist help from elsewhere in parent company.
- participating in Food Standards Agency pilot re-rating charging scheme which is generating additional income.
- will provide consultancy or other services (e.g. food inspections) to LAs.
- use Idox Uniform software for compatibility with other contracts.
- software now capable of supporting mobile working with Ipad option.

5.15 The Regulatory Service, along with the whole of the joint venture, has a strong focus on income generation. Re-rating charging is seen as a future potential opportunity, subject to the present pilot schemes outcome. In exploring commercial opportunities the service draws on parent company expertise and is considering the setting up of a dedicated commercial team. While they therefore clearly see commercial opportunities, they would not be drawn on what these were for their own commercial reasons. Team performance has improved in the joint venture, with the potential of financial penalties a strong incentive to staff.

5.16 The meetings with other boroughs showed that all had struggled to achieve some of the commonly sought benefits and efficiencies from shared service operation which equate to our own opportunities for improvement. There were common traits of seeking to try and manage service demand and streamline decision making, with evidence of a robust approach being taken because of reduced staffing resource. All have struggled with ICT system rationalisation. Faced with challenging budgets, all were looking for new opportunities to generate additional income to support their services both by ensuring any existing income due was correctly credited and by seeking new commercial opportunities, very often with the support of marketing expertise.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 It was envisaged that the first phase in establishing the SES would be over 2-3 years and allow the development of a fully integrated shared service adopting modern working practices. This would provide a strong platform to allow the shared service to consider the best delivery model to allow it to move further forward, possibly through the expansion to include other councils or through the establishment of a jointly owned shared service vehicle.

6.2 While the principal objectives for the SES may have been broadly met, the opportunities for improvement, also sought from the establishment of the shared service, remain to be fully realised. The first year of operation has been characterised by a manager focus on maintaining service delivery through the new shared service which, in Regulatory Services, had significant vacancies and, in Highways and Transport, lacked a stable management team and had ongoing turnover in agency staff. Progress on addressing the opportunities for improvement was also hampered by the absence of a detailed implementation plan for process integration. The potential for these improvements however remains and their achievement, through team leaders and managers, should enable the presently perceived satisfactory service to significantly improve and the SES to realise its full potential.

Recommendation 1: The SES should seek to consolidate the successes so far achieved through a programme to complete the delivery of the original opportunities for improvement together with the other recommendations arising from this review.

6.3   As set out in Section 2, the SES has, in its first year of operation, broadly met the principal objectives set out in the original business case, as well as achieving a number of notable successes. These have however not always received wider recognition.

Recommendation 2: Proactively seek publicity for appropriate SES service achievements with internal and external audiences as a means of raising the profile of and promoting the SES.

6.4   Stakeholder feedback indicated a degree of confusion about the governance arrangements for the SES, including the role of the Commissioners and the basis for the commissioning of services from the SES. The respective Directors need to jointly look further at these and any required associated organisational change. The existing SLA needs to be refreshed and supported by an annual business plans for the two services in the SES.

Recommendation 3: Review the present governance arrangements for the SES including any required associated organisational change.

6.5   While Regulatory Services has operated without agency staff and is progressively recruiting to an established staff complement, Highways and Transport has an ongoing Highways Contracts and Delivery Team Leader vacancy and a present agency level of 25%. The service span for the Group Manager is very wide compared to other boroughs and this post requires the support of a full complement of Team Leaders. There are also some additional staff resources in Highways and Transport that are outwith the establishment. A decision needs to be made on how to deal with this extra staff resource which will otherwise become a budget pressure, once the vacant Team Leader post is filled.

Recommendation 4: Recruit to the vacant Highways Contracts and Delivery Team Leader post and resolve all posts that do not sit within the permanent structure.

6.6   The Strategy and Commissioning team sits at a fulcrum in the service. It deals on one side with policy development; input to development control; committee reporting; local, neighbourhood and resident committee attendance; correspondence; and Member and FoI enquiries. This requires staff with good local knowledge and strong written and oral communication skills. On the other side it commissions scheme design and delivery from the Design and Delivery team. This span of operation calls for particularly high calibre multi-skilled engineers and this team should therefore be a priority for the recruitment of permanent staff with the requisite skills.

Recommendation 5: Seek to strengthen the Strategy and Commissioning team by recruiting suitably skilled permanent staff to vacant establishment posts and addressing any expertise deficit.

6.7   Section 4 of this report set out the feedback received from the various stakeholders consulted as part of the review. A number of common traits emerged from the analysis of the feedback and these are considered in the following paragraphs together with resulting recommendations.

6.8 It was evident from staff feedback that there is a lack of understanding of the vision, direction and objectives for the SES, with some staff seeing it simply as a transactional savings exercise in the absence of a clearer narrative.

Recommendation 6: The Board needs to develop a strategic narrative to enable staff to better understand the vision and objectives for the SES and their role and contribution in successfully achieving these.

6.9   Within the shared service is a strong feeling of staff wanting to know where they now belong, with their affiliations to their original authorities still prevalent. There is a need to develop a distinct identity for the SES with its own recognisable culture and way of doing things, informed by a clear set of values and behaviours. Developing a distinctive, strong and vibrant culture should assist with both the retention of existing and attracting new staff.

Recommendation 7: Define the desired culture for the SES, the required behaviours in that culture and a plan to communicate these.

6.10   The need for improved management came from both areas of the service and, in view of the associated issues of culture and engagement, is best addressed in the frame of leadership. While there are examples of both good and poor leadership in the SES, those in management positions will have mixed experience and/or capability in managing and leading people. If there is a capability deficit, managers are unlikely to be adequately managing and leading their teams, but focussing on delivering tasks. Until manager capability is assessed and any deficit addressed, the opportunity for managers to spend more time focussed on management will not be realised. Furthermore, any managers resistant to change and new ways of working, risk creating disengaged teams which underperform and have high staff turnover.

Recommendation 8: Using the defined leadership core attributes and behaviours needed to deliver the required culture and performance in the SES, assess all managers against these and prepare leadership development plans to address any deficits. Include a leadership objective in each manager's annual appraisal objectives.

Recommendation 9: Use the identified core attributes and behaviours in defining the person specification for any manager recruitment.

6.11   Communication was identified as an ongoing issue, with a desire for staff to be better informed, listened to and more involved. Clear, consistent and, as far as possible, two-way communication is an essential part of any changes to culture and management and is a core leadership responsibility. An engaging communication capability needs to be incorporated in leadership development to ensure managers have the necessary skills.

Recommendation 10: Review communications from the Board down, to define key needs, style and tone and a cascade process that incorporates two-way engagement.

Recommendation 11: Incorporate an engaging communication capability in leadership development.

6.12   Improved communication can be further supported in a number of ways including the maintenance of an up to date people, roles and responsibilities staff directory, regular interactive staff events and the publication of service achievements for wider internal and external audiences as already recommended.

6.13   The need for effective systems and processes was a common theme from staff feedback. The originally envisaged review and streamlining of systems, practices and processes has not been achieved, with the continued use of inherited systems adding to workload and causing staff frustration. ICT in particular is seen as a hindrance to, rather than an enabler of, effective working. Staff need to be fully engaged in the review of systems and processes giving them the opportunity to work with new colleagues, share ideas and best practice, and fully buy into the resulting outcomes. Resolution of these issues would demonstrate that the concerns raised by staff have been recognised and acted upon.

Recommendation 12: Agree a prioritised programme to address outstanding ICT issues and the resources for its delivery.

Recommendation 13: Review and as far as possible consolidate policies, processes and procedures with full staff involvement and leadership from managers to ensure engagement with and ownership of the outcomes.

6.14   Feedback received was critical of the support afforded to the SES by corporate services and in particular ICT, business support and the contact centres. ICT is covered by a separate recommendation above. The original opportunities for improvement identified potential scope in both the other areas. For business support there is a need to both implement the agreed changes to the Technical Operations Team and to have an ongoing dialogue with Corporate Business Support to improve the level and quality of support to the SES. In terms of the contact centres, the introduction of more self-serviced and streamlined enquiry processes was to be sought as part of the corporate contact centre review. This is particularly important in seeking to achieve a greater focus on proactive work in the SES.

Recommendation 14: The Technical Operations Team needs to fully implement the changes identified when the team was created in May 2016, and there needs to be an ongoing dialogue with Corporate Business Support to identify potential areas for improved support.

Recommendation 15: Maximise the opportunity for customers to self-service by accessing service policies, standards and reporting processes through the councils' websites.

Recommendation 16: Seek to facilitate contact centre ability to act as an effective one stop shop in dealing with routine enquiries.

6.15 A consistent theme across manager and staff feedback was the need to better manage Member expectations, particularly if a greater focus on proactive work is to be achieved. While Member feedback was supportive of the shared service as a model for service provision, there was an evident disconnect with some of the inherent consequences needed to deliver the associated operational efficiencies. For example, it appears that attempts by officers to properly consider Member requests against current policies and criteria for intervention are being interpreted as unhelpful and obstructive. Members were rightly critical of a failure of the service to keep them updated on issues and projects affecting their Wards. This need was recognised in one of the original opportunities for improvement which sought a consistent approach to increasing Member awareness of Ward activities.

Recommendation 17: Use the outcome of the review to agree a protocol for the future way of the SES works with Members that reflects council priorities, service capacity and Ward Member needs.

6.16 The meetings with other shared service authorities showed that all had struggled to achieve some of the commonly sought benefits and efficiencies from shared service operation. All had a focus on seeking to manage service demand and to streamline decision making, with evidence of a robust approach being taken. All have struggled with ICT system rationalisation. Faced with challenging budgets, all were looking for new opportunities to generate additional income to support their services, both by ensuring any existing income due was correctly credited and by seeking new commercial opportunities, very often with the support of marketing expertise. Periodically sharing experience with other shared services should be mutually beneficial as all such services continue to seek to optimize the operation of this service model.

Recommendation 18: Maintain contacts with other London based shared service authorities to collectively seek to optimise the operation of and benefits from this service model.

6.17   There are clearly a number of options for the SES at this stage including: continuing as at present; returning to the previous two borough operation; seeking either an expanded shared service or external service model; or continuing with the SES but with certain modifications.

6.18   As indicated in the review, the SES has broadly met its principal objectives, but requires a number of governance, structural, process and behavioural changes to fully realise the potential of shared service operation. To continue as at present is therefore not a tenable option. To return to the previous two borough operation would have significant financial consequences,

require a further large TUPE exercise and would lose the benefits already gained. It, too, is not therefore considered to be a sustainable option. To seek either an expanded shared service or a service model external to the council, while remaining a possible longer term option, would be premature at this stage before the shared service has fully realised its existing potential and is in a strong position to move further forward. This leaves therefore the final option. The SES achievements so far and the recommendations arising from the review, strongly support the option to continue with the SES but with a focus on completing the delivery of the opportunities for improvement, reconsidering the commissioning arrangements, some structural management realignment as determined by Officers and the implementation of a programme of cultural and behavioural change.

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