

**Critique on behalf of SOLACE NI
of draft report prepared by
PriceWaterHouseCoopers**

**“An assessment of the options for local
government service delivery:
Phase 1”**



Introduction

1. SOLACE Enterprises was commissioned by SOLACE, Northern Ireland Branch to review a draft report prepared by PriceWaterhouseCoopers (PWC) for the Department of the Environment as part of the preparations for local government re-organisation in 2011. Arthur McCourt was contracted to carry out this review on 12th June 2009 with a view to informing SOLACE Branch Executive discussion about the PWC report at a meeting on 19th June 2009.
2. The PWC remit for this report covers:
 - i. a review the current operational arrangements, costs, staffing and other resources for services currently provided by central government which will transfer to local government;
 - ii. a similar review for those services currently delivered on a group basis by local government;
 - iii. an analysis of how these functions are delivered in other jurisdictions; and recommendations for effective and efficient operating models for the future delivery of these services in 2011.
3. PWC will go on to prepare as Phase 2 of the commission:
 - i. a full economic appraisal of local government service delivery in its entirety, including recommendations for the provision of corporate support services; and
 - ii. an outline implementation plan.
4. This review highlights and comments on the key issue in the PWC report – the adoption of common operating models which will guide the organisational design of all 11 new local authorities. The report also highlights other key recommendations and issues that are contained in the PWC report. A separate appendix reviews the report in more detail following the PWC report structure. The executive summary and conclusions at chapter 7 in the PWC report cover the same ground as the analysis and conclusions each chapter and they are not reviewed separately in the appendix.

Common operating models

5. This is a significant and wide ranging report, the most important part of which is in the proposal for the 11 new councils to adopt common models of organisation. This is based around the functional processes of service delivery rather than traditional departmental structures. The models are based on the following principles of organisation for service delivery:
 - i. **Customer management** – where members of the public can access all council services and have most routine queries dealt with through “one door” and be able to access that service on a face to face basis, by telephone or by internet.
 - ii. **Service delivery** – following up requests for service, dealing with non-routine queries that cannot be dealt with at the first point of contact or providing community and household services on a scheduled basis independent of individual requests.



- iii. **Business and service support services** – such as procurement, IT, transactional finance or fleet management which are usually best organised on a functional basis across the council.
 - iv. **Strategic development** –providing functions such as strategy and policy, performance management, workforce planning.
6. The type of model proposed by PWC reflects a widely accepted route map for driving service improvement and efficiency in local authorities. PWC's stress on a common approach across all of the 11 new councils opens the way to service improvement and efficiencies through streamlining service delivery and also by sharing expertise, sharing systems and potentially, shared service delivery. The PWC report proposes that all councils are designed using this type of model with common business and service delivery processes. The intention would be to introduce the organisational design and as many of the business processes as possible in 2011, the remainder being progressively introduced thereafter. The rationale for this approach is that efficiency is best designed into an organisation from the start.
7. The diagrammatic representation of the model in the PWC report may appear to underestimate the importance of service delivery in local government and the language focuses on business processes rather than service delivery outcomes. A clearer focus on outcomes and the improvements in service delivery and efficiency that this kind of organisational design can deliver would be helpful in making the case for this kind of approach.
8. Local authorities will wish to weigh the merits of this approach against the necessity to deliver transition to new organisations in a fixed timescale. In particular they will wish to consider:
- i. Whether there is sufficient capacity, within local government in particular, to deal with the complexities of transition and transformation together and maintain service delivery throughout. Experience from other local government re-organisations highlights the need to keep a strong focus on the maintenance of service delivery leading into and after re-organisation. This is a high risk issue raised in the PWC report which should be addressed.
 - ii. Whether there is a knowledge and skill base within local government to take this forward at this time. Provided there is a will to resource the development of staff and to utilise external assistance, this issue can be addressed.
 - iii. Whether there are political and senior management champions for a modernised local government. Political support and leadership for such a fundamental change to the way local authorities are organised is fundamental to adopting this approach.
 - iv. Whether there is a will to make resources available to fund transformation investment that will yield efficiencies in the future. It is understood that the transition to the new councils should be cost neutral. The move to 11 new councils will inevitably incur transitional costs which will only be recouped in future years. Similarly, there will be the need for investment (in Information Systems, for example) to implement this transformational model which will only be recouped by efficiencies in future years.
9. The new local authorities will serve widely differing urban and rural communities with diverse characteristics and needs which will help to shape how the local



authorities will wish to organise themselves and deliver services. They also have very significant civic leadership and representative roles which are not touched upon in the operating model. How the new local authorities take account of these different characteristics and needs and how they will relate to the communities they serve are particularly important in a reorganisation which will create a smaller number of councils covering larger areas.

10. Provided that there is a commitment to dealing with these issues, local government in Northern Ireland has an opportunity to deliver a transformation in the way that local services are managed and delivered in the course of the transition to the creation of 11 new councils in 2011.

Services transferring from central government

11. Several significant issues are highlighted throughout the PWC report in respect of services transferring from central government:
 - i. **Agreement on transfer of functions:** There is not yet agreement on the detail of some functions which will transfer from central government to local government. Some decisions will require Ministerial agreement. PWC has agreed with the Department of Environment that specific organisational models should not be proposed for transferring services in their Phase 1 report because of the uncertainty over transfer details. It would be helpful for there to be a clear understanding of the timetable for reaching such agreement.
 - ii. **Resource transfer:** There does not appear to be a consistent model being used across central government departments for costing and agreeing which resources will transfer with these functions (non staffing costs or property assets or costs, for example). The detail of this is highlighted in the appendix to this review. It would be helpful for a set of principles on which resource transfer will take place to be agreed and across central government departments and with local government.
 - iii. **Cost of service:** PWC highlight that there is not direct correlation between the cost of delivering transferring services at central government level and the costs of service delivery post transfer where a service may change to 11 service delivery units from a smaller number. It is also noted that there are proposals to make changes to service levels in some services (Development Management, for example) at the point of transfer to local government. A clear agreement on how such issues are to be treated should be developed between central and local government.
 - iv. **Regional level transferring functions:** The report recommends that transferring functions that do not fit easily into an 11 council model could be provided by one or more councils on behalf of others and that the Regional Transition Co-ordinating Committee and Strategic Leadership Board should act as a clearing house for regional decisions on aspects of transferring functions.
 - v. **Planning service risks:** Within Planning, a new development management system will be introduced coinciding with the transfer of functions. A new planning IT system will be introduced later this year to which local authorities will need access after 2011. This co-incidence of change could pose risks to



the continuity of service delivery and a full risk assessment should be considered.

Services provided by local government on a group basis

12. Several issues are highlighted in the PWC report in respect of services provided by Local Government on a group basis:
 - i. **Data for group functions:** Data returns from councils setting out the resources devoted to services were outstanding at the time of PWC writing the report (14 councils for Building Control; 1 council for Waste Management). The report does not appear to have gathered information on council resources devoted to Environmental Health.
 - ii. **Building Control organisation:** The report recommends that Building Control moves to an 11 council model with a statutory co-ordinating body. The justification for the statutory co-ordinating body appears slight, given that it is not deemed necessary at present.
 - iii. **Environmental Health organisation:** The report recommends that Environmental Health moves to an 11 council model with certain regional and sub regional functions relating to health partnerships and liaison arrangements. There is limited detail in the report about this and it is therefore difficult to make comment other than to rehearse the principle that, where possible, services should be delivered through the 11 councils. It may be useful to examine whether health partnerships are a matter that might be within the scope of the new powers of community planning.
 - iv. **Waste Management organisation:** The report recommends that working groups dealing with Waste Disposal procurement should continue with consideration being given to a single Waste Disposal Authority in the forthcoming Waste Bill. However, the report does not specify what should happen to the small number of other waste management activities carried out by the Working Groups (e.g. waste education, alternative waste disposal bins, recycling centres, home composting equipment).

Shared services

13. The issues arising from the PWC report in respect of shared services are:
 - i. **Shared services:** The report seeks a decision in principle on how shared services will be developed beyond local government reorganisation. There is a danger that unless a decision is taken by the Transition Committees to design specific shared services, where there is a sound and agreed business case, into the transition arrangements (e.g. IS network and Procurement, above), the issue of shared services could distract from the immediate priorities that councils will face at the transition and in their first years or will be pushed into the future.
 - ii. **IS network:** The report identifies the need to agree and implement a common IS network (the preferred option being Network NI). This is an essential underpinning to enable transition and transformation to take place. An early appraisal of scalability, procurement issues and contractual matters should be undertaken to ensure there are no impediments to progressing this issue.



- iii. **Procurement strategy:** The report identifies the need to develop and implement a procurement strategy by 2011. This is an essential underpinning to enable transformation to take place and necessary to seeking efficiencies.
- iv. **Procurement rules:** A significant consideration for shared services between public bodies that involve a contract and payment is that they will normally be subject to procurement rules which require contracts for public services to be advertised for competition. There are certain exceptions relating to the type of services, value of the contract and organisational arrangements to deliver such services. There may be merit in considering this issue in any discussion of the possibility of shared services.
- v. **Aligning boundaries:** The report recognises the merits of aligning the boundaries or internal operating areas of other public bodies with the boundaries of the 11 new councils. There are very significant benefits for community planning and the co-ordination of public services to be gained from this administrative change. The report notes that this does not fall within the remit of any of the transition working arrangements.

Capacity and governance

14. The issues arising from the PWC report in respect of capacity and governance are:
- i. **Capacity:** In the report PWC record concerns of stakeholders about the complexity of transition and whether there is capacity to deal with transition and transformation together. Stakeholder discussions have highlighted concerns about staff and skill retention during the transition.
 - ii. **Co-ordination:** the report raises concerns whether the current arrangements for Transition Committees provide the basis for a consistent design approach to services across the 11 councils.
 - iii. **Member and staff development:** Stakeholder discussions have highlighted the need for action to integrate the different cultures and ways of working between civil service and local government staff and between staff from different councils. There is also raised a significant issue of the need for member and staff development relating to new functions for local government.
 - iv. **Joint Committee/NILGA:** The report discusses a proposal for the establishment of a Joint Committee as part of a strong NILGA which would deal with distribution issues, local-central interface, guidelines for Building Control and Environmental Health, some post transitional issues and shared support service policy and implementation. This proposal has become known as "Plus 1". PWC comment that it is possibly not the best option or an option that is supported by stakeholders. There may be merit in reviewing the intentions behind this proposal. The representational issues normally handled by the Local Government Association might be better separated from responsibility for service standards and service delivery issues. Any arrangements for dealing with post transition issues needs to be agreed between the new councils and central government. It may also be worth noting that, from 2011, NILGA will comprise of 11 new member councils and elected members who will be elected in May 2011. It may be appropriate to await the views of NILGA's new membership before considering issues raised in the PWC report about the representational role of NILGA.



Detailed commentary

15. Appendix 1, following, provides a more detailed commentary on the content of the report and the background to the review of the key issues above. It also comments on issues of detail not included above.

Conclusions

16. The PWC report is of some significance. This is the first reorganisation of local government in Northern Ireland for almost forty years. No-one should underestimate the amount of work required to implement a local government reform and to ensure continuity of service delivery to the public. However, if local government in Northern Ireland is prepared to commit to the type of operating model set out in the PWC report, it has the opportunity to create a modern system of local government that is clearly focused on, and designed to deliver, service improvement and the efficiencies that will be needed over the coming years. That would be unique for a system of local government in the UK. To do so needs the leadership, capacity and resources to work towards that system over the next 24 months. A less bold approach, but one still worthy of examination, would be to pilot this operating model with those councils where members of the Transition Committees and Transition Management Teams are already committed to modernisation.
17. The suggestion that shared services should be addressed once councils are established needs careful consideration. New councils will take some time after re-organisation, perhaps up to 24 months, to establish their ways of working and for new councillors and new management teams, set their priorities, start delivering them and deal with early budget pressures. To put shared services on the agenda earlier than that may distract from these priorities. To leave the question of shared services until after that, puts the implementation of shared service proposals some five years after re-organisation, given the lead time involved. There may be certain services, particularly IT or procurement where the new councils can agree that there is a sound business case for councils to work together from day 1 supporting the work of 11 new strong councils.
18. That is a decision for the statutory Transition Committees for the new councils to make. One of the features to emerge from the PWC report is the focus in co-ordination and consultation arrangements on transferring departments and current group service delivery arrangements with less emphasis on the arrangements for setting up the new councils. That is understandable at an early stage in the process, but once the voluntary and then statutory Transitional Committees are established, they will have the key role in setting up the new councils. There may be merit in reviewing the planning and co-ordination arrangements that have been established to reflect the statutory role that Transition Committees will have. If there is a desire to see councils set up using common operating principles, then there also need to be arrangements for the Transition Committees to work effectively together.
19. It is unrealistic to imagine that the transition to new councils and the transformation of local government can be done at no cost. There is a need to consider what costs are involved and how they should be met. The overall principle of local government reorganisation being cost neutral can still be



achieved provided there is a clear view of the timescale in which efficiencies can be delivered and agreement on investment and pay back.

20. The issues of consistency of approach across transferring departments, the lack of agreement on the detail of services to be transferred and the apparent lack of a model for resources that should follow are not surprising at an early stage in the process. However, there is now less than two years to re-organisation and, these issues having been identified, it is important that they are resolved as quickly as possible.
21. The PWC report deals with models of service delivery. However, it is essential to recognise that local authorities also have wider civic and representative roles for the communities they serve. The new councils will have a key role in shaping their communities through their new community planning powers. The widely differing needs of communities will be reflected in how local authorities carry out their functions and roles and how they organise themselves. It is important that the organisational design and models of service delivery have the flexibility to be able to reflect these differing needs.

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V1.4/25062009



Appendix 1: Detailed Commentary

Bold headings refer to PWC chapters;

Numbers in margin (P1.14 etc) refer to paragraph numbers in the PWC report;

An indication of the PWC report content is contained in plain text.

Reviewers comments and issues highlighted by PWC are boxed and in italics

1. Introduction

P1.14 The terms of reference for phase 1 cover functions transferring from central government and those delivered by local government on a group basis. It excludes those delivered individually by local councils. Phase 2, will provide an economic appraisal of all local government service delivery and include recommendations for the models for the provision of corporate support services. It will also prepare and outline implementation plan.

The remit for phase 2 contains specific reference to models for corporate support services. It may be helpful to clarify whether the recommendations of Phase 2 and the outline implementation plan will cover local government services as a whole or relate only to transferring services, services provided on a group basis and corporate support services. In either circumstance, such an implementation plan will need to dovetail closely with the key tasks and milestones set out in DOE Circular LG 07/09.

2. The context of our review

P2.2 Table 2.1 describes the responsibilities of the Policy Development Panels with this study reporting to Policy Development Panel C.

Inevitably, the analysis and recommendations in a report of this nature will range over the remits of the other Policy Development Panels and of the Transition Committees. This makes it important that the co-ordination arrangements between the work on transition and the development work on transformation are sufficiently robust to deal with and prioritise the extent of transformation that central and local government wish to see developed for the new councils by 2011. It is unclear how and when the Statutory Transition Committees will fit into this structure.

P2.8- This section sets out the challenge of managing the transition from 26 councils to 11 councils with new and transferred functions and on a cost neutral basis. The section stresses that the transition is not an end in itself but provides the platform for models of service that will be able to meet the challenges of public sector expenditure restrictions by increasing efficiency and driving out unnecessary cost whilst maintaining frontline services.

In seeking to achieve cost neutrality, it will be important to recognise that there will be transitional and start up costs which need to be funded initially before the savings that can be expected from the reduction from 26 to 11 councils can be achieved. The timescale in which cost neutrality should be measured may be up to 2015 or beyond.



Similarly, there will be investment and start up costs incurred in pursuing the transformation model set out in the PWC report which need to be funded before efficiencies and service benefits start to flow. It may be worth highlighting that some parts of the transformation agenda (e.g. customer management initiatives) are more likely to deliver service quality improvements than efficiency savings, whereas others (e.g. procurement) can deliver significant cost savings.

3. Defining the current operational arrangements for delivering the transferring functions

- P3.3 This paragraph notes that final decisions have not been reached on some of the precise functions to be transferred and that some of these functions will be subject to change prior to transfer. Some of the changes will be subject to ministerial agreement. The paragraph also notes that there is no correlation between the cost of delivering services at central government level and the cost of service delivery after transfer.

It may be helpful to reaffirm a clear timetable for reaching decisions on the detail of functions that are to be transferred. It is assumed that an estimate of the additional costs of delivering transferred services at individual council level will be addressed in Phase 2 of the study and that there will be discussion with central government on how such costs and the costs of any changes to service prior to transfer are to be treated.

The different approaches recorded in the report between government departments in respect of transfer of resources along with the transfer of functions, make it appear that there is not a standard model or set of principles being used for identifying resources that should transfer being applied across government departments.

- P3.7 This paragraph notes that although functions are expected to transfer from Northern Ireland Environment Agency to local government, no resources are expected to transfer.

This could be because the resources are below a defined threshold. However, it may be helpful to explain why.

- P3.13 This paragraph highlights the introduction of a new local development plan system and new development management system, the former before, the latter at the point of transfer of planning functions.

It is not clear what the cost implications of these changes will be. It would be usual in making such changes to identify the additional or reduced cost of service and that should be taken into account in negotiations on the budget to be transferred.

The development management system is the area of the planning service where service continuity is most important. It will be important to consider carefully the implications of proposals to change the development management system at the point of transfer of functions with the transitional pressures of



staff transfer and relocation. These change risks may be exacerbated by the introduction of a new Planning IT system from later this year (noted at 3.21-3.22 below). It may be prudent to conduct a formal risk assessment of these proposed changes for service continuity at the point of transfer of functions to local government.

P3.17-These paragraphs set out proposals for transfer of staff and identify staffing costs. Decisions have not been made on whether some headquarters staff will transfer to local government. Options include sharing staff between central and local government.

Generally the principle that resources should follow function should guide the transfer of staff and budgets. It would appear less than ideal for central government planning staff to carry out local government functions. This would raise issues of accountability and potentially conflict of interest if there are to be "call in" procedures.

P3.19 The method of calculation planning staff costs to be transferred appears to be based on staff in post which is 5-10% below complement because of recruitment difficulties.

*If the staff complement is budgeted for, this calculation may underestimate the staff budget to be transferred.
The calculation of salary costs are stated to include some, but not all, staffing on costs.*

P3.20 Notional accommodation costs for the planning service for 2007/8 are in the region of £2.85m.

*It appears from the report that these property costs are in addition to the proposed transfer of budget set out in Table 3.2. It is not clear from the report whether it is intended that the accommodation in which transferring staff is sited or the relevant portion of the property budget will transfer to local authorities along with staff.
(If property costs are included in the proposed budget transfer in Table 3.2, then the remaining non staffing budget to be transferred would be very small.)*

P3.21-A planning information system will be rolled out in September 2009. It is intended that this should be managed regionally by central government but available to all 11 councils as well as central government. The report comments that the system cannot be easily broken down across several areas or councils without major redevelopment and associated costs and time delays.

It may be worth clarifying whether the last comment refers to disaggregating the system to be run by individual councils rather than relating to management reporting on a council or sub council area basis.

P3.34-The Northern Ireland Museums Council is a company with charitable status funded largely by DCAL, but also securing European Grants, Heritage Lottery Funding and other income. A strong argument is being put forward for the Council to remain in its current, or similar, form when the function transfers to



local government. DCAL intends to consider this further in its forthcoming museums policy. An amount of £279,000 is planned to be transferred to local government. This is described in the report as arbitrary and not relating to the running costs of the NIMC.

It is difficult to reconcile the amount of budget transfer proposed with the financial figures in Appendix B. This, and the model of service delivery, merit further exploration.

P3.48-This section reports that the roads functions which are to transfer to local government from the Department for Regional Development have not yet been agreed.

This is an area where Ministerial approval will be required.

P3.52 This section deals with the regeneration and housing related functions that will transfer to local government from the Department for Social Development. The report notes that further discussion is required around these functions, particularly in terms of resourcing.

The Department for Social Development paper to PDP C raises a range of potential issues and concerns relating to future budgets, budget disaggregation, the treatment of on-costs and assets and the need to rationalise and streamline service delivery. These issues can be applied across Departments and strengthen the argument for a clear model of resource transfer and clarity on service changes prior to, or at the point of transition.

P3.59-This section deals with the local economic development and tourism functions that will be transferred to local government from the Department of Enterprise, Trade and Investment. The greatest part of the economic development budget is spent on contracts for services with third parties. DETI has commenced consultation with local government on contracts which will be started before, but extend over re-organisation.

There is concern about the attractiveness of contracts with a break point after a year. The DETI wishes to discuss how transferring functions will fit with current local government economic development functions and the work of the LEA's. Further clarification is required on the functions, budget and resources for tourism transferring to local government and discussions are on-going about this and the transfer of the Gateway servicing.

P3.70 It is intended to place new duties relating to civil contingencies preparedness on councils relating to their own and multi-agency preparedness. The latter duty would be implemented on the basis of five areas with Belfast being one of them.

Funding for the new civil contingency duties remains to be confirmed.



4. Defining the current operational arrangements for functions delivered on a group basis

This section of the report describes the current operational arrangements and provides cost information for local government services currently provided on a group basis. These services are Environmental Health (4 groups), Building Control (5 groups) and Waste Management (3 groups). Belfast is not in any of these groups. There is no comment on potential future arrangements for services in this section. PWC has usefully sought information on a consistent basis across the groups and councils.

Unfortunately, 14 council returns for Building Control and 1 council return for Waste Management had not been submitted to PWC by the date of report writing.

No information is provided in the report on the resources devoted by individual councils to Environmental Health. It will be important to consider the organisation and resources devoted to those services delivered on a group basis together with those delivered by individual councils in arriving at proposals for transition.

5. Operating models: options and key issues

P5.4 The PWC report highlights concerns of stakeholders about: the uncertainty around the package of transferring functions; the complexity of transition arrangements; the absence of any detailed design of new council structures; and a lack of capacity and resources to carry out the work.

The first of these concerns is reflected in some detail in section 3 of the PWC report and action to clarify and reach a final position on this would greatly help the transition process.

The second of these concerns is an inevitable part of a re-organisation of local government, particularly one which transfers new functions from other parts of government. However, the DOE circulars LG16/08 and LG07/09 do provide helpful route maps of the way through the organisational arrangements for the transition and set out key tasks and milestones. The critical point for the review of this PWC report is that the PWC report may underestimate the complexity of the transition process and how resource intensive this will be for the Transition Committees and Transition Management Teams.

The design of staffing structures is a matter for the Transition Committees and Management Teams to have completed by June 2010. However, it is unclear what resources will be available to the Transition Committees to achieve this and the other tasks set out in circular LG07/09 and what additional resources may be required to pursue the transformation proposals set out in the PWC report.

P5.8- This section of the report argues powerfully for an approach to organisational design which focuses on the processes that deliver services rather than departmental organisation. It argues that the new organisations should follow the same operating model and use common business processes. This would lead to opportunities for improving service, driving down cost and support the opportunity for future collaboration.



It is difficult to disagree with the principle of this argument. However, the practicality of doing so for all services and councils in the timeframe required by local government reorganisation needs to be considered carefully. The first practicality is that each new Council (with the Exception of Belfast, which will have a lesser number of predecessor organisations) will require to transfer in staff, assets and services from between 10-14 predecessor organisations (5-7 government departments, 3 functions provided on a group basis, and 2-4 local authorities). Secondly, it is important that the staff and managers who will deliver the service have a key role in any process analysis. There is a need to resource and develop the capacity, skills and leadership across the "shadow" organisation to carry out this kind of exercise before the staff roles and teams are in place.

However, there are key service areas which underpin this approach and the development of national strategies for customer services and ICT by the Policy Development Panels should help the Transitional Committees to take significant steps in this direction.

P5.19-The Target Operating Model outlined in these paragraphs organises the Council around the processes involved in Customer Management; Service Delivery; Service and Business Support and Strategic Development. Certain processes, for example procurement or contract management are common for all services and should be standardised and simplified. Similarly, much contact with the public about service delivery is about enquiry handling, appointment taking or application processing and can be brought together into efficient processes which also make contact with the Council simpler for the public. PWC argue that this model provides the basis for service improvement and efficiency. PWC propose that the new councils are designed using common operating models and business processes. Where possible this would be implemented at reorganisation.

The PWC Target Operating Model is one of several developed by consultancy firms and improvement agencies, all of which follow a similar conceptual framework and process analysis approach to service design. This model and similar ones are used by progressive authorities to improve services and achieve efficiencies. Key to successful implementation is commitment by managers and staff, investment in staff development and (usually) IT. For staff in more traditional councils, the language of process analysis and organisational design is often quite new and the charts and diagrams appear to downplay the significance of service delivery. This is presentational rather than substantive, but there may be merit in addressing the issue.

For the reasons outlined in relation to the earlier part of this section, careful consideration should be given to whether there is the capacity, knowledge and skill base, committed leadership and commitment to resourcing change which are necessary to implement PWC's recommendation. Consideration should also be given to what are costs and disbenefits of not proceeding with this recommendation.

P5.40-This section of the report outlines a framework of the types of joint working that may be considered by the new councils and a spectrum of joint working from collaboration to shared services delivered by a single joint organisation.



The clear message from stakeholders highlighted in the report is that the preferred option should be a model that where possible, delivers functions through individual councils. This is a sound position. The complexities posed by joint working are all too often neglected. There needs to be sound business reasons for joint working, such as accessing specialist expertise, the need to plan beyond organisational boundaries, service improvement or achieving efficiencies. In these circumstances joint working makes sense. However, PWC are correct to highlight there is also a significant task of developing shared services internally within councils.

It is important to bear in mind that where shared services between councils and with other public bodies move beyond collaboration on strategy development to shared services based on a contractual arrangement with a service provider there is a possibility that procurement rules may apply to that service. This can be the case whether the service provider is another local authority, public body, private provider or, in some circumstances, a body set up specifically to provide the service.

P5.51-These two sections propose a range of functions for a regional body having the membership of all local authorities and also make the argument for a strong Local Government Association. It is suggested that the regional body might be in the form of a Joint Committee and have functions including, providing a voice of behalf of local government to central government; developing policy frameworks and standards; dealing with distribution issues for resources transferring from central government; decisions affecting all councils post 2011; and delivering a range of services.

Many of the functions listed, such as those of dealing with all council issues, representing local government to central government and dealing with distribution issues are functions which are usually carried out by the representative body for local government – the Local Government Association. It makes sense to separate service delivery from these kinds of issue and for the focus of the regional body to be on service delivery. The Local Government Association will represent 11 new councils after 2011, the matter of the role of their representative organisation is properly something for the new councils to consider.

P5.62- This section provides an overview of the types of collaboration and shared services model. The report emphasises the development of common operating models over the next 24 months across all councils as a platform to move forward to shared services.

The PWC report is suggesting that councils organise themselves on the basis of common operating models and then at some time soon after transition consider moving towards a shared service model. The practicalities of this are discussed above.

P5.69-The report highlights the preferred organisational options from consultation with service stakeholders for Waste Disposal, Building Control and Environmental Health. The preferred option for Waste Disposal is for current arrangements for the groups developing waste disposal procurement arrangements to continue with options for a single Waste Disposal Authority to



be considered in the consultation on a Waste Bill. The preferred option for Building Control is for 11 Building Control services along with a statutory co-ordinating body to ensure uniformity and consistency in the interpretation, application and enforcement of building regulations. The preferred option for Environmental Health is for the majority of staff to be employed within 11 councils with some in sub regional health partnership functions and some in sub-regional or regional liaison functions.

It is unclear why it is thought that there is a need for a statutory co-ordinating body for Building Control. The present arrangement of 5 Building Control Groups do not appear to have such a need, the co-ordinating arrangements described earlier in the PWC report being on a voluntary basis. The report does not provide any detail on the proposal for some Environmental Health staff to be located in sub regional health partnerships and liaison arrangements. It is not clear whether it is proposed that these staff would be employed by councils and seconded to these organisations or employed directly by these organisations.

P5.79- These paragraphs deal with Community Planning, noting the plans to develop Community 5.81 Planning pilots. Responsibility for community planning policy rests with Policy Development Panel A.

P5.82- The report notes positive discussions with Police, Housing and Education authorities on the question of aligning sub-regional delivery boundaries with new council boundaries. Discussions have yet to be had with Health and Social Services authorities. The report notes that there are no current arrangements within the PDP structure for taking this issue forward.

PWC are correct to stress the importance of coterminous boundaries. This is an important issue which aids co-ordination across public service delivery and is very important for successful community planning.

P5.88- The report argues for local government to utilise central government's IS network Network NI as a means of accessing and integrating systems such as the e-planning system, sharing information between community planning partners and to allow easier access to modernised systems such as Account NI, HR Connect and NI Direct should councils decide to utilise them.

It is understood that Network NI is currently in the process of implementation and will be fully implemented to 275 sites by September 2009. Whether or not local government should seek to use Network NI will need to consider scalability, roll out requirements and costs, contract terms, whether the terms of procurement allow local government participation in the contract and whether alternatives exist. (Such considerations may already have been reviewed, but that is not clear from the report.)

P5.97- Table 5.5 identifies a series of decision areas listed below and paragraphs set out conclusions from this chapter. These are set out below:



Decision Areas	Conclusions
	Uncertainty surrounding transferring functions and lack of consistency in design of transferring functions.
	Complexity of transition arrangements and focus on transition rather than service design.
	Current Transition Committees do not provide basis for consistent design of services and concern about capacity and resources to undertake transition.
11 strong councils adopting a consistent Target Operating Model to design and deliver services.	Unique and enviable opportunity to adopt a consistent Target Operating Model across all councils by 2011.
	Transformation design process will help strengthen local democracy
Functions that do not fit easily within 11 councils provided by one or more council on behalf of others.	<i>Regional Transition Co-ordination Committee and Strategic Leadership Board act as clearing house for regional decisions on aspects of transferring functions.</i>
<p>Group Working</p> <ul style="list-style-type: none"> • Building Control to 11 Councils (+ statutory co-ordinating body) • Environmental Health to 11 Councils (+ sub regional/regional functions) • Waste working groups to remain with consideration to Single Waste Disposal Authority 	Building Control and Environmental Health to 11 Councils with regional/sub-regional arrangements. Group working for Waste Disposal procurement to continue with option for Single Waste Disposal Authority to be considered in Waste Bill consultations.
Agree common IS infrastructure with Network NI as preferred option.	
<i>Develop and implement Procurement Strategy for local government by 2011.</i>	
<p>Agree in principle how shared services will be developed:</p> <ul style="list-style-type: none"> • <i>Common Accounts outsourced and hosted on behalf of councils</i> • Council clusters deliver common support services sub-regionally • Use central government systems e.g. Account NI, NI Direct, HRConnect • Shared support services organisation for procurement + other services (Plus 1) 	
<p>Joint Local Government and Local-Central Government arrangements. Joint Committee, supported by secretariat for:</p> <ul style="list-style-type: none"> • Clearing house for post transition decisions. 	<p>Establishment of joint committee or regional structure as part of NILGA established to provide political leadership and management to see through the reform programme Clarity on central and local government</p>



<ul style="list-style-type: none"> • Policy and funding transfer • Policy on shared support services and implementation • Guidelines for Building Control and Environmental Health • Central/Local government interface 	liaison arrangements and the role of NILGA. (Plus 1 emerged from stakeholder and collaborative design workshop. No evidence that is best option or preferred option.)
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The table above compares the decision areas in table 5.5 with the conclusions from that chapter. The subjects in italics (procurement, common outsourced accounts and the clearing house roles of RTCC/SLC) have not been discussed previously in the text.

6. Thematic overview of service delivery in other jurisdictions

This chapter looks at some examples from other jurisdictions where local government has sought improvements in service quality and efficiency through new ways of working. The chapter reviews examples in the following areas:

- Community planning
- Partnership working
- Joint ICT networks and other shared “back office” functions
- One stop shops for citizen-focused service delivery
- Joint Procurement arrangements
- Performance improvement and capacity building

The reviews provide useful practical examples of where others have implemented service improvement and efficiency using the similar principles to those in the Target Operating Model and utilising shared services. Since their use is illustrative, they are not reviewed here.

Community Planning is not within the main remit of this study, but it may be worth noting the agreement between the Scottish Government and local government in Scotland to prepare single outcome agreements for each council area replacing previous targets and plans. These have mainly been prepared by Community Planning Partnerships on an interagency basis and have given community planning a very real focus on specific improvement actions for their communities.

End.

