Shared Services Programme within Government

- Progress to Date and Planned Initiatives -

Heads of Information Systems In Local Authorities Annual Conference 2012

Katherine Walshe
Programme Management Office Public Service Reform for Local Government

10th October 2012
Public Service Reform Plan

“The implementation of the Public Service Reform Plan will involve an unprecedented level of change.”
Public Service Reform Agenda

• Five major commitments to change

1. Placing customer service at the core of everything we do
   • eg: interaction with citizen through online services; Ireland Stat

2. Maximising new and innovative service delivery channels
   • eg: reduction of transaction costs using technology

3. Radically reducing our costs to drive better value for money
   • eg: reduce spending and drive greater efficiency

4. Leading, organising and working in new ways
   • eg: eliminate duplication through implementation of shared services

5. Strong focus on implementation and delivery
   • eg: involve teams across the Public Service - Cabinet Committee, Reform and Delivery Office
Progress on Public Service Reform Plan

• Statement entitled “Progress on the Implementation of the Government’s Public Service Reform Plan” published by the Department of Public Expenditure and Reform on 6th September 2012

• Some key points:
  – Since 2008, expenditure has reduced by €6.5 billion and a further expenditure adjustment of €5.5 billion is planned over the coming 3 years
  – Engagement from Departments, sectors, and individual public servants has been positive and the building blocks for reform have been put in place
  – The next six months will be a critical phase
  – Proposals will be brought forward on a range of key issues and the pace of implementation will be increased
Forces on Local Government

LGER Report
July 2010
€511m Savings Target

106 Recommendations in the Local Government Efficiency Review Report

McCarthy Report

Reduced LG Grant

Challenging Media Environment

Croke Park Agreement 2010 - 2014

Financial Crisis

Shrinking Rates Base

Local Government Reform
LGERIG

• LGERIG is the ‘Local Government Efficiency Reform Implementation Group’

• Established to oversee the implementation of the LGER July 2010 Report

• Members are:
  – **Pat McLoughlin** (Chairman), Chief Executive, Irish Payment Services Organisation, and former chairman of the Local Government Efficiency Review Group
  – **Des Dowling**, Assistant Secretary, Local Government Division, Department of the Environment, Community and Local Government
  – **Garrett Fennell**, Managing Director, GFC Consulting Ltd
  – **David Hearn**, Consulting Partner in Charge, Deloitte
  – **Anne O’Keefe**, Former Director, Office of Local Authority Management
PSROG

• PSROG is the ‘Public Service Reform Oversight Group for Local Government’

• Established December 2011 to make decisions for the sector and report on progress in achieving recommendations of LGER Report

• Members are:
  – Ray O’Dwyer, Chair
  – Geraldine Tallon, Department of the Environment, Community and Local Government
  – Hubert Kearns, Sligo County Council
  – Michael Malone, Kildare County Council
  – Martin Riordan, Cork County Council
  – John Tierney, Dublin City Council
  – Paul McSweeney, LGMA
  – Joe Harford, Private Sector Representative
A PMO has been established to assist in the delivery of the Reform and Efficiency Agenda for the Local Government sector with locations (as a shared service) in:

- The East (Dublin); The South (Cork); The West (Mayo)

Purpose of PMO is “To support the delivery of the Public Service Reform Plan for the Local Government Sector”

- To be achieved through the co-ordinated management of a portfolio of projects
- Planned to be in place for 3 years (January 2012 – December 2014 approximately)
Evidence of the Sector’s Achievements

- Verified Local Government progress against recommendations of the Local Government Efficiency Review

- Data directly provided by Local Authorities formed the basis of Report to Minister submitted in March 2012
Local Authority Savings (2008-2012)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Payroll Savings</td>
<td>€236,508,322</td>
</tr>
<tr>
<td>Non-Pay Expenditure Savings</td>
<td>€406,691,129</td>
</tr>
<tr>
<td>Agency Services Division G</td>
<td>€92,576,366</td>
</tr>
<tr>
<td>Capital Payroll Savings</td>
<td>€94,515,408</td>
</tr>
<tr>
<td>TOTAL Savings</td>
<td>€830,291,225</td>
</tr>
</tbody>
</table>
Minister’s Response to Report

The Minister for the Environment, Community and Local Government, Mr. Phil Hogan T.D., today (25 July 2012), welcomed the publication of the first Report of the Local Government Efficiency Review (LGER) Implementation Group. Minister Hogan said: ‘We have had a lot of talk about local government reform over the past decade. That reform programme is already underway with the sector achieving over €195 million savings through efficiency measures in 2010 and 2011 alone.’

“One of the key aims of local government reform is to ensure that good value public services are delivered at local level with maximum efficiency. The sector has saved €830 million since 2008 and a further €150 million in direct efficiency savings will be targeted over the next 18 months, while maintaining existing services”.

From Minister’s Press Release Issued on 25/07/2012
Response to Staff Reductions

• Minister Hogan welcomed the ongoing rationalisation of staffing within the local government sector, ‘With savings of €288 million on staff, the sector has already achieved the highest proportionate staffing reduction of any sector in the public service, with staff numbers reduced by 8,432 (or 23%) from 37,243 in mid-2008 to 28,811 at March 2012, .........’

• .........

From Minister’s Press Release Issued on 25/07/2012
Shared Services

• Shared Services is among the key reform initiatives mandated by Government and set out in both the Programme for Government and the Public Service Reform Plan

• The “Report of the Local Government Efficiency Review Group”, dated July 2010, states that:
  
  – *Shared or joint service provision offers the potential to realise cost savings, re-engineer and streamline processes, and improve services to the public. They can help local authorities not just by saving money, but also by economising and freeing up resources for other tasks in core local government responsibilities. ....

  – *Work is progressing in this area on a number of fronts, including a shared human resources and payroll system to be used by most local authorities, and a shared approach to ICT and e-government. These efforts should be intensified.*
Definition of “Shared Services”

• “Shared Services” may be defined as “the consolidation of administrative or support functions from several business functions into an organisational entity that has a management structure designed to provide improved customer service as efficiently and effectively as possible”.

Suitability of Services for Sharing

Notes:
* Is the Service within the Business Unit in question Standard (Common Process) or Specialised?
** While needing to be done, how Important to the Business Outcome in question is this Service, how much interaction does the End User have with the Council in determining the Outcome?
<table>
<thead>
<tr>
<th>No.</th>
<th>Business Case Project Name</th>
<th>Lead Local Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shared Payroll</td>
<td>Laois County Council</td>
</tr>
<tr>
<td>2</td>
<td>Treasury Management</td>
<td>Kilkenny County Council</td>
</tr>
<tr>
<td>3</td>
<td>Transactional HR</td>
<td>Fingal County Council</td>
</tr>
<tr>
<td>4</td>
<td>Integrated Inspectorate</td>
<td>Fingal County Council</td>
</tr>
<tr>
<td>5</td>
<td>Local Government Portal</td>
<td>Local Government Management Agency</td>
</tr>
<tr>
<td>6</td>
<td>Register of Electors</td>
<td>Dun Laoghaire-Rathdown County Council</td>
</tr>
<tr>
<td>7</td>
<td>ICT – Back Office</td>
<td>Local Government Management Agency</td>
</tr>
<tr>
<td>8</td>
<td>National Procurement Office</td>
<td>Kerry County Council</td>
</tr>
<tr>
<td>9</td>
<td>Library Service Procurement</td>
<td>DLRCC and Kildare County Council</td>
</tr>
<tr>
<td>10</td>
<td>CRM – Microsoft Dynamics</td>
<td>LGMA/LGCSB</td>
</tr>
<tr>
<td>11</td>
<td>CRM – Open Source</td>
<td>LGMA/LGCSB</td>
</tr>
<tr>
<td>12</td>
<td>Spatial Information, GIS</td>
<td>Kildare County Council</td>
</tr>
<tr>
<td>13</td>
<td>Open Source, Document Management</td>
<td>Meath County Council</td>
</tr>
<tr>
<td>14</td>
<td>Knowledge Management and Open Data</td>
<td>Fingal County Council</td>
</tr>
<tr>
<td>15</td>
<td>FixYourStreet</td>
<td>South Dublin County Council</td>
</tr>
</tbody>
</table>
# Shared Services Business Cases

<table>
<thead>
<tr>
<th>No.</th>
<th>Business Case Project Name</th>
<th>Lead Local Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Online Services</td>
<td>Dublin City Council</td>
</tr>
<tr>
<td>17</td>
<td>Legal Services</td>
<td>Cork County Council</td>
</tr>
<tr>
<td>18</td>
<td>Veterinary Services</td>
<td>Cork County Council</td>
</tr>
<tr>
<td>19</td>
<td>Accounts Payable</td>
<td>South Dublin County Council</td>
</tr>
<tr>
<td>20</td>
<td>Internal Audit</td>
<td>South Dublin County Council</td>
</tr>
<tr>
<td>21</td>
<td>Social Media</td>
<td>Kilkenny County Council</td>
</tr>
<tr>
<td>22</td>
<td>Corporate Services</td>
<td>Cork City Council</td>
</tr>
<tr>
<td>23</td>
<td>eInvoicing</td>
<td>Cork County Council</td>
</tr>
<tr>
<td>24</td>
<td>Open Source, Website Development</td>
<td>Limerick City and Limerick County Council</td>
</tr>
<tr>
<td>25</td>
<td>Debt Collection</td>
<td>Cork City Council</td>
</tr>
<tr>
<td>26</td>
<td>Housing Assessment</td>
<td>Louth County Council</td>
</tr>
<tr>
<td>27</td>
<td>Staff Welfare</td>
<td>Leitrim County Council</td>
</tr>
<tr>
<td>28</td>
<td>Laboratory Services</td>
<td>Roscommon County Council</td>
</tr>
<tr>
<td>29</td>
<td>Paid Parking</td>
<td>Westmeath County Council</td>
</tr>
<tr>
<td>30</td>
<td>Public Lighting Maintenance</td>
<td>Waterford City and Waterford County Council</td>
</tr>
</tbody>
</table>
Preparation of Business Cases

- Business Case preparation currently underway for all projects
- Questionnaires prepared to assist with evaluations
- Risk Register for all projects drawn up to aid delivery of projects
- Traffic Lights system in place to manage progress
- Peer Reviews in progress to critically review Business Case recommendation
Stages of the Shared Services Journey

Assess Feasibility
The objective here is to explore options and develop the future operating model for candidate services. This must be underpinned by a high level business case which clearly identifies efficiency and effectiveness targets.

Design
This is where the blueprint and business plan for the Shared Service operation are created. This requires a detailed understanding of what the migrated service will look like and how this will be achieved.

Build and Test
The objective of this phase is to set up the new Shared Service operations. This requires the establishment of everything required to facilitate the migration including knowledge and skills.

Implement and Roll In
This is the period when the operations are switched across from the previous service to the new service. This can occur in a single act, or, more commonly, elements of the Shared Service are brought over in a managed process. It is critical that this phase is run carefully, as customer satisfaction can often dip as the new service comes on line.

Optimise
This phase focuses on measuring and understanding the performance of the service, whilst maintaining and striving to improve it. Information must be gathered and regularly analysed to drive performance.

Timescale varies depending on scale of Shared Services project

Governance arrangements, Service Level Agreements, etc to be drawn up as part of the above
Welcome to the first edition of Re:Source, an information update from the PMO. We will use it to update you on news and progress on the local government sector’s reform plan, to share our analysis of the data you have provided us with over the past eight months, and, when possible, give advance notice of future surveys/data requests.

This first edition of Re:Source includes the publication of the Interim Report to the Local Government Efficiency Review Implementation Group in July. It will provide a snapshot of the key findings of the interim report (see article below), which reflects a substantial contribution of time and staff resources from all local authorities.

We’d like to thank all LGER Link Officers and staff involved in the preparation of the data returns, which have proved invaluable in supporting the sector’s response to the Reform Agenda. We know that you are being placed under increasing pressure to provide information to different bodies, and we appreciate your willingness to facilitate our requests for information, often at very short notice.

Local government delivers €830m in savings between 2008 - 2012.

The Interim Report submitted to the Local Government Efficiency Review (LGER) Implementation Group by the County and City Managers’ Association (CCMA) shows that €830 million in financial savings have already been achieved at local government level between 2009 - 2012 through efficiency gains and reductions in expenditure and staff numbers. Local authority staff are to be acknowledged for their commitment and hard work, which have allowed the sector to achieve these savings while maintaining front line services.

Financial Savings Achieved: €830m

<table>
<thead>
<tr>
<th>Table 1</th>
<th>2008 - 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Authority Savings</td>
<td>Revenue</td>
</tr>
<tr>
<td>Local Authority Savings</td>
<td>€726,589,437</td>
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<tr>
<td>Not Pay Expenditure Savings</td>
<td>€466,661,129</td>
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<tr>
<td>Agency Services Savings</td>
<td>€95,274,266</td>
</tr>
<tr>
<td>Total Revenue Savings</td>
<td>€726,589,437</td>
</tr>
<tr>
<td>Capital Payroll Savings</td>
<td>€94,975,438</td>
</tr>
<tr>
<td>Total Savings</td>
<td>€830,177,220</td>
</tr>
</tbody>
</table>

Smarter procurement by Councils:

- Energy costs reduced by €3.3m
- Computer software and maintenance costs reduced by €3.7m
- Consultancy services reduced by 20%, due to greater utilisation of internal resources
- Materials, plant hire and minor contracts spend reduced by €47m

Interesting? The full interim report is available here and a summary version is available from the PMO.