

CABINET – 30TH AUGUST 2012

Report of the Strategic Director for Corporate Services

Lead Member: Councillor David Slater

Part A

ITEM 15 FUTURE OPTIONS FOR SERVICE DELIVERY

Purpose of Report

This report presents a proposed programme of detailed service reviews, with the objective of considering future, or alternative, methods of service deliver for these services.

Cabinet is asked to approve this set of service reviews.

Recommendations

1. That the Programme of Service Delivery Reviews set out at Appendix A to this report be approved.
2. That delegated authority be given to the Strategic Director for Corporate Services, in consultation with relevant Lead Members and Heads of Services, to make minor amendments to the programme.

Reasons

1. To ensure that the work is appropriately focussed and to create a formal record of service areas where the Council is actively considering methods of service delivery that differ significantly from existing practice.
2. To allow minor corrections and amendments to be made in a timely manner.

Policy Justification and Previous Decisions

In September 2011 Cabinet endorsed an approach to future service delivery that built on existing internal good practice in service delivery methods and looked outwards to embrace emerging good practice in the public and private sectors.

Cabinet also agreed that an active review of all of the Council's services would be undertaken to consider alternative methods of service delivery and a further report would be submitted setting out the service delivery methods to be considered for each service area.

Implementation Timetable including Future Decisions and Scrutiny

Approved detailed service reviews will be undertaken by relevant Heads of Service, with input from Directors where appropriate. Following the detailed reviews, decisions on implementation will be taken by Heads of Service in consultation with the respective Lead Member where these fall within existing delegated authority. Cabinet reports arising from individual service reviews will be scheduled as required.

Indicative time lines for reviews are set out at Appendix A.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no direct financial implications arising from this report.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Service reviews are insufficiently co-ordinated with other service activities (such as the 2013/14 budget round) and distract from other priorities.	3 (possible)	2 (minor)	Service reviews arising from the exploration of future options for service delivery will be integrated into the 2013/14 budget setting process. Generally, Heads of Service will manage priorities in their area.

Equality and Diversity

This review in itself does not have any equality and diversity implications. However it is possible that the in-depth reviews that are undertaken for each service area identified will need to consider equality and diversity impacts.

Therefore as specific reviews are undertaken where appropriate an equality impact assessment is completed to ensure that we comply with our statutory duty to give due regard to the need to:

- Eliminate discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance Equality of Opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Encourage participation by disabled people in public life and take account of disabled people's disabilities, even when that involves treating disabled people more favourably.

Key Decision: No

Background Papers: Cabinet, 25th November 2010, Item 10, Commissioning Council
Cabinet 1st September 2011, Item 7, Future Options for Service Delivery
Detailed service assessments and prepared by Heads of Service
Summary of service assessment scores

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Part B

Background

1. In November 2010 a report was presented to Cabinet, in the context of an environment of significant financial uncertainty, and proposing that the majority of council services could be transferred into a new joint venture or similar arrangement.
2. The Cabinet decision was to initiate 'soft market testing' to see if there was any interest in different approaches to service delivery from third parties.
3. A second report to Cabinet in September 2011, presented the results of the 'soft market testing' and other research.
4. The report also noted the Cabinet Office white paper ('Open Public Services') in which there was some suggestion of a possible future requirement to undertake a commissioning exercise for certain services although the degree of compulsion and the rules that might apply to such a process are not articulated.
5. The Cabinet decision was for officers to give active consideration to alternative methods of service delivery for all services.

Development of the Programme of Alternative Methods of Service Delivery Reviews

6. In February an initial proposal was set out for the Corporate Management Team (CMT) to review all services against an agreed set of criteria.
7. The scope of this exercise was indeed to review all services, other than those provided by Charnwood Neighbourhood Housing (CNH), the Council's Arms Length Management Organisation (ALMO). At the inception of the work on future options for service delivery the Housing Options review, which considered whether the Council should retain its Housing 'ALMO', was being undertaken as a parallel exercise.
8. Through a series of meetings with Directors and Heads of Service a two-stage process was agreed.
9. Stage 1 consisted of a high level assessment of all services against alternative potential methods of service delivery as follows:
 - A. In house
 - Comment: This alternative reflects existing situations where Council services are already provided through public-to-public or outsourcing arrangements
 - B. In house service re-design

- Comment: At any point in time, many services across the Council are being reorganised as part of ongoing continuous improvement efforts; however, in this context, an in house service redesign would describe the possibility of a new radical, or transformational, change in service configuration

C. Public-to-Public

- Comment: This option covers sharing services with, procuring services from, or providing services to, other public sector bodies

D. Outsourcing

- Comment: In the context of this exercise, outsourcing is defined as procurement of services from private sector organisations

E. Community Challenge

- Comment: This option was considered in the light of the Localism Act and considers the possibility of the delivery of Council services by community groups

F. Employee Mutual

- Comment: Also considered in the light of the Localism Act, this option considers the possibility that groups of employees may wish to form an independent organisation (a mutual, or cooperative, or similar arrangement) to provide services to the Council; in such an arrangement these employees would cease to be employed by the Council

G. Community Asset Transfer

- Comment: Again considered in the context of the Localism Act, in this option an asset is transferred to a community group with the responsibility for the services associated with that asset also being transferred to that group

10. Each service was asked to complete a template indicating which of their services could potentially be delivered by another method. Heads of Service were asked to provide clear rationale for why a service might not be suitable for a particular method of service delivery.
11. The results were collated and used to inform Stage 2.
12. Stage 2 required Heads of Service to complete a more detailed template against an agreed set of assessment criteria:
 - Impact on cost
 - Impact on quality
 - Impact of risk – operational (the ongoing risk associated with an alternative method of service delivery)

- Impact of risk – change (the risk associated with implementing an alternative method of service delivery)
 - Impact of customer perception
 - Impact on strategic partners
13. For each service that was identified to be suitable for an alternative method of delivery, Heads of Service scored between 1 and 5 for each criterion. The higher the score the more likely a change in delivery method would realise benefits for the council.
14. Agreed weightings were applied to the criteria as follows:
- Cost x 3
 - Quality x2
 - Risk – operational x2
 - Risk – change x2
 - Customer perception x1
 - Strategic partners x1
15. All the results were collated and table was produced for each different type of service delivery that showed the services that had scored highly.
16. The lists were reviewed by Directors and Heads of Service were invited to a 'star chamber' interview with the Senior Management Team (SMT), where:
- The service score for an alternative method service delivery was high, suggesting that that alternative be considered, and SMT wished to confirm that view
 - The service score for an alternative method of service delivery appeared prima facie low, or high in comparison to other services
 - It was considered useful for SMT to increase their collective understanding of a service area

Salient comments and conclusions following the star chamber meetings

General

17. It was noted that, in the detail, many service areas already delivered services through a mix of partnership working or outsourcing.
18. It was recognised that the delivery environment is dynamic; Heads of Service were reviewing their own portfolios on a regular basis and ongoing pressure to reduce costs and increase efficiency naturally results in a number of service reviews being in progress or planned at any point in time.

A: In house

19. The opportunities in this area would arise if the Council were unsatisfied with an existing shared service or outsourcing arrangement, or if the arrangement had ceased to have relevance. It would also require that the contractual barriers to exiting the arrangement were not excessive. In practice, the Council has no major issues with its shared and outsourced services and the Service Delivery Review Programme does not feature any initiatives looking to bring services back within Council control.
20. As noted previously, in stating the above it should be noted that the Housing Options review, which considered whether the Council should retain its Housing 'ALMO' was not in the scope of this exercise.

B: In house service redesign

Planning and Regeneration

21. A number of opportunities were discussed across this service area which suggested that a reconfiguration would be appropriate:
 - Reorganising the service to take increased advantage of revenue generating opportunities within building control and arising as a result of the national increase in planning fees
 - 'Culture transfer' – encouraging the customer focussed and commercial approach of the Building Control Service within the Development Control Service
 - Significant transfer of call handling from the service to the contact centre
 - Introduction of 'payment by telephone'
22. The Planning and Regeneration Service is therefore included within the Service Delivery Review Programme at Appendix A as a prospective in house service redesign.

Housing Service - Housing Needs Team (Allocations function)

23. Recent events provide a driver for a significant review of the housing service.
24. The first of these is the introduction of 'choice based lettings' (CBL) which, inter alia, has had an impact on the time taken to let some of the Council's houses. Initial operational experience of CBL suggests that the Council should revisit the end to end allocations and lettings processes with a view to identifying resource requirements and efficiency gains, streamline the process and deliver an improved customer experience.

25. Following the Housing Options review a decision was taken to discontinue operation of the housing ALMO for landlord services (CNH) and bring these back under direct Council control. This activity will result in a very material impact on the housing service and it will therefore be appropriate to assess the organisation structure and ways of working of this service.
26. The Housing Needs Service is therefore included within the Service Delivery Review Programme at Appendix A as a prospective in house service redesign.

Neighbourhood Services - CCTV

27. For completeness of this report it should be noted that there is an ongoing officer service review, and also a Scrutiny Panel looking at the CCTV service. These exercises are separate, but are being coordinated with a view to proposing a final outcome in the autumn. Amongst other matters, it is envisaged that proposals will seek to identify potential savings and income generation options in the service and propose alternative methods of service delivery.
28. The CCTV Service is therefore included within the Service Delivery Review Programme at Appendix A as a prospective in house service redesign.

Neighbourhood Services – Community Safety

29. The Council will be participating in the county-wide Troubled Families programme. (Further information about this programme is provided in a separate report on this Cabinet agenda.) The Troubled Families programme is likely to require some reconfiguration of the Council's existing services as it seeks to participate in addressing such issues as crime and anti-social behaviour (ASB), worklessness and school attendance.
30. Particular opportunities identified include:
 - Interface and integration of the service with the county-wide Troubled Families programme
 - Integration of the Council's ASB activities
31. The Community Safety Service is therefore included within the Service Delivery Review Programme at Appendix A as a prospective in house service redesign.

C: Public to Public

32. Charnwood already has examples of public sector partnership working, for example:
 - A. Partnership working with Leicestershire County Council in the provision of children's services, museum services

- B. Being commissioned by Leicestershire County Council and other public sector bodies for the provision sports and recreation services
 - C. Providing property services to North West Leicestershire District Council
 - D. Purchase of HR services from Leicestershire County Council
33. Generally, the record within Leicestershire, and also nationally, of creating effective public to public shared services arrangements is mixed. This reflects the practical difficulties inherent in such exercises such as achieving political buy-in, resistance from staff groups and failure to create compelling business cases.

Planning and Regeneration

34. Looking at the Charnwood portfolio of services, and existing methods of service provision, the most attractive public-to-public opportunities seem likely to be in the area of planning and building control. Although within Leicestershire there are already examples of failed shared service initiatives for planning and building control services, this is a major service area which is all currently delivered in-house and one which increasing numbers of local authorities are considering as a shared service opportunity.¹
35. Given the above, the initial proposed approach will be to proactively engage with prospective partners to 'soft market test' existing levels of interest in such an arrangement before embarking on subsequent development work.
36. The Planning and Regeneration Service is included within the Service Delivery Review Programme at Appendix A as a prospective public to public opportunity.

D: Outsourcing

37. The Council already outsources major services including Environmental Services, Revenues and Benefits and Leisure Centres which account for a significant proportion of the Council's current expenditure.
38. Outsourcing is typically a resource intensive process that requires both officer time and external professional support. The business case for outsourcing therefore requires significant savings to offset the (potentially) substantial procurement costs.

¹ For example see: <http://www.suffolkcoastal.gov.uk/news/new-shared-era-for-planning-services/>

Cleansing and Open Spaces - Green Spaces

39. The Green Spaces service is arguably the largest single Council service (excluding CNH services) that is not delivered by an outsourcing arrangement. The Green Spaces service could also be regarded as 'transactional' in nature (in that it is relatively easy to specify as part of a procurement exercise) and it is therefore a natural candidate to consider for outsourcing.
40. Given the resource intensive nature of outsourcing procurements it is recommended that a soft market testing exercise is carried out as the first step in investigating the outsourcing the Green Spaces service further to test the viability of this option.
41. On this basis the Green Spaces Service is included within the Service Delivery Review Programme at Appendix A as a prospective outsourcing opportunity.

E: Community challenge

42. Many of the Council's services are technical / professional in nature and do not easily lend themselves to performance by community groups.
43. In other areas it has been difficult to identify groups who may be willing to take on services.
44. The Localism Act requires us to respond to community groups wishing to provide services to the Council. However, based on the analysis to date, it is not recommended that proactive efforts are undertaken in an effort to transfer the operation of services to community groups.

F: Employee Mutual

45. The Cabinet Office considers that local government service delivery can be transformed through the creation of public sector mutuals and is strongly encouraging local authorities to consider this delivery model².
46. However, creation of a viable employee mutual is reliant on the identification of groups of staff, and in particular the key managers who would lead such organisations. At this time, no appetite for the creation of an employee mutual was apparent amongst Council staff.
47. Going forward this alternative option for service delivery may become more relevant, and the Council will continue to research opportunities in this area, but at this stage the Service Delivery Review Programme does not feature any initiatives looking to deliver services through an employee mutual service delivery model.

² Letter from Francis Maude to local authority leaders and chief executives dated 26 July 2012

G: Community Asset Transfer

48. In practice, transferring individual assets to community groups, or parish or town councils, to run as community assets can be complex. Asset title can be unclear, or restrictive, reflecting the circumstances certain assets have passed into Council ownership. Most importantly, a viable community group that wishes to take on the community asset has to be identified.
49. Notwithstanding these caveats, the Council has identified two areas of activity where additional detailed feasibility work could be carried out. These are both included within the Service Delivery Review Programme at Appendix A as a prospective community asset transfer opportunities.

Neighbourhood Services – Community Centres

50. The Council has property interests in many of the community centres it supports. Most of these interests are encumbered in some way by, for example, third party interests, or Council ownership vesting in the Housing Revenue Account.
51. However, the community centres are typically underpinned by vibrant community groups who may welcome the opportunity to take control of their own destinies. For this reason a detailed feasibility exercise, initially focussing on perhaps one or two centres, is proposed.

Regulatory Services - Council owned car parks in rural areas

52. The Council has several car parks across the Borough for which no car parking charges are levied. These tend to be located in rural areas. It is considered that certain parish or town councils may wish to take over the operation of individual car parks if circumstances are propitious. The Review Programme proposes that a dialogue is opened up with selected parish or town councils.

Concluding remarks

53. It should be noted at this stage that the Service Delivery Review Programme proposes areas where further detailed investigatory work will be carried out; this Cabinet report is not intended to commit the Council to any alternative method of service delivery in respect of any service at this time.
54. Information gathered as part of this exercise, together with projected savings arising from the selected service reviews will be integrated into the 2013/14 budget setting process.
55. Decisions as to whether initiatives should be progressed to implementation will be the responsibility of Heads of Service (with input from Strategic Directors), and in consultation with their Lead Members. Where implementation arrangements are outside existing officer delegations they will be the subject of future Cabinet reports.

56. The scope of the Service Delivery Review Programme is set out at Appendix A. It is envisaged that the activities summarised here will be undertaken by 31st March 2013.
57. The Council operates in a constantly changing environment and circumstances change; this could lead to the activities set out in the Service Delivery Review Programme being superseded by events, and previously rejected courses of action becoming imperatives. Nonetheless, having completed this exercise of reviewing the Council's existing methods of service delivery, and looking at possible alternatives, it is considered that the results will guide the Council in prioritising its efforts in this area in the period of time remaining until the next local elections.

Appendices

Appendix A – Alternative Methods of Service Delivery Programme

Appendix B – List of services considered at SMT 'star chamber'.

Service Delivery Review Programme

<i>Service area</i>	<i>Alternative method of service delivery to be considered</i>	<i>Initial scope of work</i>	<i>Indicative timing</i>
Planning and Regeneration Service	In house service redesign	<ul style="list-style-type: none"> • Enhancement of revenue generation opportunities • Reconfigure service to take advantage of: <ul style="list-style-type: none"> ○ Transfer of call handling to the contact centre ○ Payment by 'phone 	31 st March 2013
Planning and Regeneration Service	Public to Public shared service	<ul style="list-style-type: none"> • Actively assess potential interest in public to public shared service arrangements with neighbouring authorities 	31st March 2013
Housing Service – Housing Needs (Allocations Team)	In house service redesign	<ul style="list-style-type: none"> • Holistic service redesign • Address issues arising from the introduction of Choice Based Lettings • Absorb CNH staff into the Housing Service 	In line with plans to integrate CNH operations within Council structures

<i>Service area</i>	<i>Alternative method of service delivery to be considered</i>	<i>Initial scope of work</i>	<i>Indicative timing</i>
Neighbourhood Services – CCTV	In house service redesign	<ul style="list-style-type: none"> As per the terms of reference of the officer service review and the Scrutiny Panel review Amongst other things the reviews will cover service costs, potential income generation and alternative methods of service delivery 	Service review and Scrutiny Panel are ongoing; completion of these exercises will be in the autumn of 2012
Neighbourhood Services – Community Safety	In house service redesign	<ul style="list-style-type: none"> Interface and integration of the service with the county-wide Troubled Families programme Integration of the Council's ASB activities 	31st March 2013
Cleansing and Open Spaces - Green Spaces	Outsourcing	<ul style="list-style-type: none"> Soft market testing exercise to ascertain potential level of savings achievable 	31st March 2013
Neighbourhood Services – Community Centres	Community Asset transfer	<ul style="list-style-type: none"> Select 1 or 2 community centres and perform a detailed investigation to assess the viability of a community asset transfer to a community group 	31st March 2013
Regulatory Services - Car Parks	Community Asset transfer	<ul style="list-style-type: none"> Select 1 or 2 rural car parks and perform a detailed investigation to assess the viability of a community asset transfer to a town or parish council 	31st March 2013

APPENDIX B

List of services considered at SMT 'star chamber'			
Date	Time	Attendee	Service area
16/07/12	2.00-2.30	John Casey	<ul style="list-style-type: none"> ▪ Corporate Finance (In-House Service re-design)
17/07/12	2.00-3.00	Richard Bennett	<ul style="list-style-type: none"> ▪ Conservation, design etc. (In house service re-design) ▪ Planning & Regeneration (general overview of current situation)
17/07/12	3.00-3.30	Neil Greenhalgh	<ul style="list-style-type: none"> ▪ Green Spaces (Outsourcing, Public to public, community asset transfer)
25/07/12	11.00-11.30	Sylvia Wright	<ul style="list-style-type: none"> ▪ Museums (In House) ▪ Shopmobility (general overview of current situation)
25/07/12	11.30-12.00	Dave Harris	<ul style="list-style-type: none"> ▪ Housing Allocations (In House Service Re-design)
25/07/12	12.00-12.30	Adrian Ward	<ul style="list-style-type: none"> ▪ Audit & Insurance (Outsourcing) ▪ Legal (general discussion regarding benchmarking)
25/07/12	12.30-1.00	Dave Platts	<ul style="list-style-type: none"> ▪ ICS (Outsourcing)
27/07/12	3.00-4.00	Julie Robinson	<ul style="list-style-type: none"> ▪ Community Safety/ ASB (In House Service Re-design) ▪ Neighbourhood Management (Community Asset Transfer) ▪ Sport & Active recreation (general overview of current situation)
31/07/12	10.00-10.30	Alan Twells	<ul style="list-style-type: none"> ▪ Car parking (Public to Public & Community Asset Transfer) ▪ Licensing (In House Service Re-design)
31/07/12	10.30-11.00	Nigel Strong	<ul style="list-style-type: none"> ▪ Town Hall (In House Service Re-design, Employee Mutual, Town Hall)