

WEST OXFORDSHIRE DISTRICT COUNCIL
FINANCE AND MANAGEMENT OVERVIEW & SCRUTINY COMMITTEE
WEDNESDAY 15 JULY 2015
2020 VISION PARTNERSHIP UPDATE - PRINCIPLES AND ORGANISATIONAL
MODEL

REPORT OF THE 2020 PROGRAMME TEAM

(Contact: David Neudegg)

(The decisions on this matter will be resolutions)

1. PURPOSE

To consider suggested principles and the organisational model for the 2020 Vision Partnership and the proposed services/functions to be initially retained.

2. RECOMMENDATIONS

That the Committee notes the information set out in the report and makes such comments to the 2020 Vision Member Governance Board as Committee Members consider appropriate.

3. BACKGROUND

3.1. In December 2014 each Council, through their respective decision making arrangements, resolved to:

- Establish a shared services partnership venture in early 2015 between the four authorities, managed by a joint committee operating under a Memorandum of Understanding for an interim period pending a further decision in the autumn of 2015.
- Establish the roles of Interim Lead Commissioner, Interim Managing Director of the partnership venture and the appointment of the Programme Director.
- Agree the creation of a project to develop effective commissioning arrangements for each authority, including exploring the potential for sharing commissioning functions where possible.

3.2. The decision was informed by a report drafted by Activist which set out a number of outcomes, recommendations and principles that the new Partnership Venture will need to deliver against.

3.3. The 2020 Vision sets out an ambition for the authorities to become more efficient and effective by working together but without sacrificing their sovereignty – in fact, their ability to take the decisions needed for their locality would be strengthened.

3.4. The four authorities share a focus on efficiency and on achieving value for money for council tax payers. This concern for efficiency goes hand-in-hand with the partner authorities' shared vision of a district council having a wider responsibility for what is often characterised as 'place-shaping'. The authorities play a community leadership role - looking after the long-term environmental, social and economic needs of their localities, their citizens and businesses - and must act as champions of their communities on behalf of their citizens.

- 3.5. A key shared challenge is in addressing the year-on-year reductions in central government grant to local authorities. Each of the council's medium term financial strategies requires significant savings. Additionally, all four councils face a longer-term challenge of how to deal with the increasing costs of funding the employers' contributions to the Local Government Pension Scheme.
- 3.6. The authorities have made it clear that they would prefer not to make reductions in service levels or cut non-statutory services if at all possible.
- 3.7. Additionally, whilst there was a strong emphasis on the need for efficiency savings, there was also a recognition that sharing could provide access to greater capacity and help make services more resilient.
- 3.8. The report summarised the outcomes as follows:
- **Financial:** we need to respond to long-term financial pressures on the four councils.
 - **Efficiency:** we need to continue to find ways of delivering value for money (even if we didn't face the current financial pressures).
 - **Resilience:** each authority needs a wider pool of expertise and greater capacity to respond to events.
 - **Impact:** more depth in strategic capacity is needed to support the drive towards service improvement and wider social and economic benefits in each locality.
 - **Democracy:** each authority needs to have sufficient resources to be able to exercise choice and community leadership so that it can champion local needs and priorities.
- 3.9. The report also identified a series of challenges that members said they would like to see addressed as part of the detailed design phase of the Partnership Venture. These include the preservation of the sovereignty and identity of each local authority; the importance of maintaining local knowledge so that the public and members knew that they had staff they could rely on to respond effectively; and protecting what is unique about each authority. Additionally each authority wanted access to impartial commissioning and client side advice from people they trust.
- 3.10. The key messages coming out of recent conversations between the Project Sponsor and Programme Board representatives seem to be:
- Evolution rather than revolution
 - Ease of access to advice from trusted advisors working in the interests of each Council
 - Ease of access to good quality commissioning skills for each of the Councils.
 - Potential for increased shared working over time.
 - A desire to retain control over some services at least in the short term
- 3.11. So the challenge is how to maximise potential shared working efficiency savings whilst protecting local distinctiveness and democratic independence.

3.12. At this early stage it might be helpful to set out some principles and a preferred delivery model for consideration by members across the 4 Councils which seek to strike the balance between these potentially conflicting objectives and evaluated against the Outcomes Framework agreed within the Activist Report. This will be necessary to facilitate the development of the detailed Blueprint and Business Case to be developed and costed. As the Programme gains momentum with key pieces of work being finalised more detail will be known which can be used to populate and refine the model.

3.13. Commissioning Review

3.14. The recently completed review of commissioning across the Partnership has concluded that the four Councils have a common understanding of commissioning and take a pragmatic and open-minded approach. There are, however, some differences in the way each Council approaches commissioning; how they are structured; and where their respective strengths and areas for development are.

3.15. The 'as-is' picture of commissioning at each Council has highlighted many key areas where the four Councils share the same approaches:

- There is a shared understanding of 2020 Vision, and the partnership venture, as a potential way for each Council to become more efficient and effective by working together but without sacrificing their sovereignty.
- All Councils have a pragmatic outcome focused approach to commissioning seeking to ensure their local communities can access high quality and appropriate services.
- All share a desire to make sure their decision making processes are supported by impartial specialist advice from a trusted advisor with sound local knowledge.
- All Councils aspire to find the best sourcing solutions and are open to innovation.
- All appreciate the wide variety of skills and experiences needed for effective commissioning.
- All are committed to a shared commissioning resource including client activity.

3.16. In light of the above, there are some shared principles of commissioning that all four Councils should be able to sign up to:

- Each partner council will have access to commissioning support, including trusted advisors that will enable it to develop and set its strategic policies, source service provision, and manage its contracts and relationships with a range of service providers.
- While this support will be directly managed by each council to enable that council to control and manage that work, this support does not necessarily need to be employed by that Council, albeit there would need to be suitable governance structures in place. This principle is already established, to some degree, within current structures.
- Each Council should be able to access further skills, experience and expertise from technical experts that may be directly employed, part of a shared unit or employed by another Council or organisation.

- Each of the four Councils must be able to approach commissioning in their preferred way and be free to be agnostic in terms of commissioning decisions.
- Commissioning criteria need to be able to reflect local requirements (as well as shared).
- Sharing commissioning activity is a principle the partners Councils aspire to.
- Shared client arrangements is a principle the partner Councils aspire to and can see the merits of this early on for example with regard to GOSS and ICT.
- The partnership venture is one of a number of key providers from whom councils may commission.

3.17. Partnership Venture

3.18. There are three principal areas in which the 2020 Vision agreed outcomes can be delivered through shared services:

- Shared Management
- Shared Specialist Staff
- Shared Administrative, Technical and Customer Support

3.19. The greatest savings are achieved through reducing the management overheads on services. These can also generally be the quickest to be achieved. For these savings to be maximised it is preferable to have maximum flexibility across the overall partnership utilising the best staff to a broad effect. The more role separation there is within the overall partnership the higher the management costs.

3.20. Although, direct savings from specialist staff are nowhere near as significant as from shared management, they do provide much needed capacity and resilience for District Councils. Each Council has developed skills and expertise within certain areas often not replicated in others. This provides an opportunity to build on these skills to provide services to all of the Councils, thus enabling potential savings in externally procured advice and support.

3.21. The 2020 Vision Partnership has a significant advantage of having already established shared back office support for many of the Finance and HR functions through the GO Shared Services Partnership. However, there are many other areas which could benefit from a similar approach. At the moment a lot of administrative and technical support is focused within relatively small teams leading to a limited ability to deliver maximum efficiencies.

3.22. Service Design Principles

3.23. There are four areas where it may be desirable to collectively agree an approach across all 4 Councils. This does not mean that by default all policies will be identical but that policy areas where local differences in approach are acceptable should be agreed collectively by the partnership members. These are as follows:

- Financial Rules and Policies – These are already largely the same but with some minor local differences
- HR Policies and Procedures (including job evaluation, grading and benefits) – Many of the policies have been standardised. However, each council operates a different job evaluation and grading process and also has variations on benefit

packages. Although there may be genuine evidence-based reasons for some differences (where staff are being recruited from different market areas) it would be beneficial for these to be collectively recognised and agreed in the new model. This will be a hugely challenging issue to overcome but it is essential in providing a consistent approach which will allow total flexibility of staff movement within the partner organisations

- Common ICT Platforms & Applications – There is already a high degree of commonality across the 4 Councils but as systems come up for renewal there will be further opportunities for developing common approaches
- Customer Focussed Service Redesign - Each council has developed differing approaches to business processes which is both inefficient and reduces the ability to be flexible with allocation and utilisation of staff resources

3.24. It is recognised that this will be an evolutionary process where certain services and functions will start off retained and each council will decide when it might be prepared to share. Therefore having a model that remains constant but allows for this evolution to occur will be beneficial.

3.25. Any approach should be capable of being applied to either a Joint Committee or a jointly owned Teckal Company and of being established quickly following decisions being made on which services and functions that will initially be shared and any services which will not be shared. The preferred model should also allow for services to be easily transferred from non-shared areas into shared service areas at future dates should councillors decide to do so.

3.26. It has previously been recognised that capacity across the Partnership is not extensive and that we shall have to make best use of the skills and talents of the senior staff we have. Furthermore, it is generally understood that the achievement of the 2020 Vision is an evolutionally process which requires a pragmatic approach. A key principle is to determine whether all partners are content to maximise their most senior resource under some form of matrix management approach.

3.27. Organisational Models

3.28. The Programme Board has considered a range of models which have been evaluated by each Councils Senior Management Teams against the Outcomes Framework set out in the Activist Report.

3.29. There is a consensus that the Partnership Chief Executive option shown in Appendix A could be implemented by April 2016. This would move the programme forward and deliver the initial financial and other benefits as set out in the strategic outline case. This would then enable further consideration to be given to the benefits and timing of establishing a Teckal company or remaining with the Joint Committee in due course.

3.30. The 2020 Partnership Board have agreed that the Partnership Chief Executive option should be adopted and be implemented by April 2016, subject to final business case decision being considered by each Council in October.

3.31. Retained Services

3.32. A key principle contained within the Activist Report is that each Council can determine which services and functions it decides not to share across the Partnership, although it is also accepted that these will need to be kept under review if the business case

efficiencies are to be delivered. In order to build up a detailed business case it is essential to have an understanding of each council's position.

- 3.33. The Management Team have assessed all of the areas and consider the following to be a reasonable position to take.
- 3.34. In general terms it is considered that all services have some potential for sharing to a greater or lesser degree.
- 3.35. The service areas with the highest scores to retain (a number of these are already shared with Cotswold) were as follows:
 - Press and Media;
 - Planning Policy;
 - Economic Development; and
 - Development Management
 - Client Management – Car Parking
 - Client Management – Waste and Recycling
 - Client Management – Leisure
 - Community Safety
 - Community Support and Liaison
 - Tourism Support and Strategy
 - Housing Strategy
 - Democratic Services
 - Elections

In addition to GO Shared Services, ICT and Public Protection which have already been agreed for broader sharing, there is a strong case for sharing a number of services early:

- Legal and Property
 - Customer Services
 - Planning Administration
 - Building Control
 - Corporate Planning and Performance Management
- 3.36. The following Services could have shared management but a more extensive shared service may need to be at a latter phase:
 - Revenue's and Benefits (currently subject to significant national policy change)
 - Housing Allocations and Homelessness

4. ALTERNATIVES/OPTIONS

The Committee may make such observations as it considers appropriate

5. FINANCIAL IMPLICATIONS

The extent of services to be shared will have a direct bearing on the scale of efficiency savings that will be delivered through the 2020 Vision Programme

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Background Papers: None

Appendix A

Partnership Chief Executive Option (operating under a Joint Committee)

Description

In this model the commissioning functions are more explicitly shared under the leadership of a shared Chief Executive. This is a jointly appointed post responsible and accountable to the 4 Councils to ensure that the overall aims and objectives of the 2020 Partnership are achieved.

In this model initial 'Partnership Venture' services are managed on an interim basis by a series of Group Directors each with their own defined services areas. Depending upon future transfers of services it might be desirable to appoint a Managing Director to provide support across the whole of the Partnership Venture.

Each Council will nominate a Head of Paid Service who will be responsible for each council's retained services (including non-shared commissioning functions). Additionally, Head of Paid Services can act as Lead Commissioner for a number of Partnership Venture shared services. They would need to ensure that the shared service was meeting the needs of all of the Councils and for the co-ordination with other Partnership Venture Services. The responsible Head of Paid Service would ensure that each shared service continues to report to all Councils on matters for that affect that Council.

Governance

The Partnership Chief Executive will be accountable to the Joint Committee for the overall achievement of the 2020 Vision objectives and outcomes. Additionally the post will support all councils ensuring that sufficient expert support and advice is available.

The Partnership Chief Executive will support The Joint Committee in determining policies across all 4 partners on Finance and Procurement; HR including staff terms and conditions; ICT infrastructure and IT Applications.

Monitoring and review of Partnership Venture services will be reported by the Partnership Chief Executive to the Board.

Each Council would nominate a Head of Paid Service (either individually or shared). The Head of Paid Service would be responsible for the delivery of any retained functions (both services and commissioning roles). They would be responsible (supported by the shared Chief Executive) in liaison with their Councillors to determine the structures, staffing levels and services to be retained in order to meet the needs of that Council. All decisions relating to retained functions and services will be taken solely by that Council supported by their nominated Head of Paid Service.

All costs incurred within the retained areas would be attributed to that Council. Costs of shared services would be recharged across the Partners on an agreed distribution.

Employment

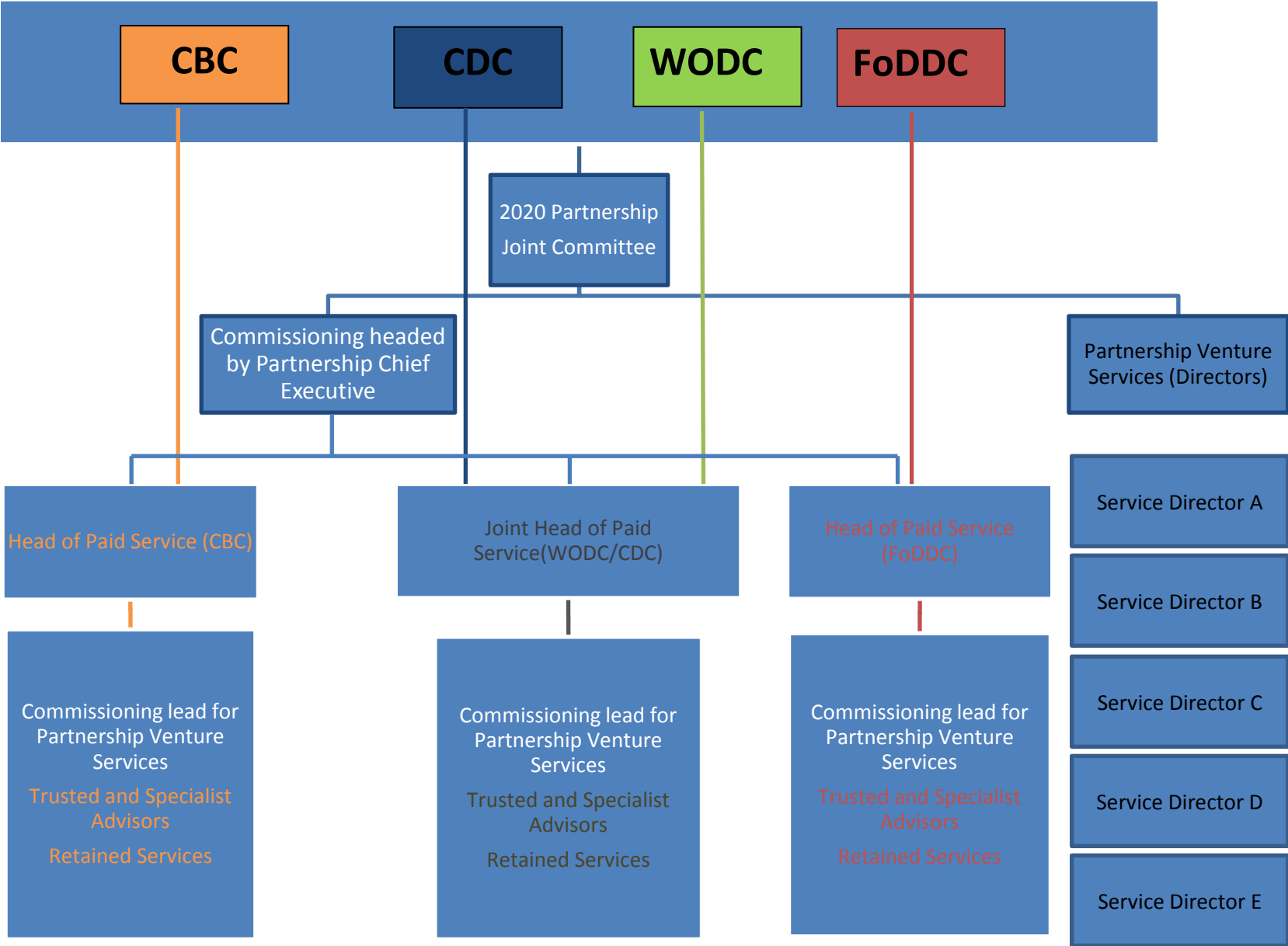
All staff within the retained services and functions would continue to be employed by their Council and directed by their Head of Paid Service. However, subject to the agreement of each Council, the HR Policies

and Terms and Conditions for staff would be determined by the Joint Committee to ensure a fair and equitable approach to all staff across the partnership.

There are two choices for those staff working within Partnership Venture services. These are:

- Temporarily leave staff with their current employers and establish legal agreements to provide authority for individuals to act on behalf of all partners.
- Permanently transfer all Partnership Venture staff to a Lead Employer or Employers

Advice from GOSS and Legal Officers will be sought to determine the simplest most effective options.



Definitions

“Shared Partnership Manager” – The person with overall accountability and responsibility to the Joint Committee/Teckal Company Shareholders for the collective delivery of the 2020 Vision Outcomes. This post holder should be appointed by all of the shareholders and could be either an internal or external appointment.

“Head of Paid Service” – A formal role nominated by each Council where that Council continue to employ staff. It does not necessarily mean that the Council has to employ the Head of Paid Service itself. The role consists of advising members on appropriate staffing resources and structures to deliver the objectives of the Council

“Service Director” – The person responsible for a specific service group operating within the Partnership Venture and accountable to the Joint Committee

“Trusted Advisor” – The most senior advisor who has the confidence of the Council to provide impartial advice and act in their best interests (currently partly the role of the Chief Executives)

Partnership Venture – Any Service/function with a shared manager involving three or more partners.

Retained Services and Functions – These are services and functions that individual councils are not prepared to share as part of the Partnership Venture. It is recognised that retained services and functions may be greater to begin with until confidence and trust in the Partnership Venture is established and grows. No service or function will transfer to the Partnership Venture without the specific approval of that Council. All costs of retained services and functions are met by that Council

Shared Commissioning Support – A team of Officers agreed by individual Councils to be shared. As with retained services and functions the extent of sharing commissioning support staff could evolve over time

Joint Committee – A member board to agree policies relating to HR and Terms and conditions; Financial and Procurement policies; and ICT Network and Applications Policies; and agree business plans for Partnership Venture Service