

Agenda



Listening Learning Leading

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Date: 24 November 2014

Website: <http://www.southoxon.gov.uk>

A MEETING OF THE

Scrutiny Committee

WILL BE HELD ON TUESDAY 2 DECEMBER 2014 AT 6.00 PM

COUNCIL CHAMBER, SOUTH OXFORDSHIRE DISTRICT COUNCIL OFFICES

This meeting will be broadcast live on the council's website and the record archived for future viewing. You can view this broadcast and access reports at www.southoxon.gov.uk.

Members of the Committee:

David Turner (Chairman)

Joan Bland (Vice-Chairman)
Celia Collett, MBE
Steve Connel
Kristina Crabbe
Pat Dawe

Will Hall
Tony Harbour
Eleanor Hards
Paul Harrison
Elizabeth Hodgkin

Imran Lokhon
Alan Rooke
Margaret Turner

Substitutes

*Roger Bell
Felix Bloomfield
David Bretherton
Dorothy Brown
Bernard Cooper
Philip Cross*

*Margaret Davies
Leo Docherty
Mark Gray
Marcus Harris
Marc Hiles
Ann Midwinter*

*Denise Macdonald
Anne Purse
Rachel Wallis
Michael Welply*

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much notice as possible before the meeting.

- 1 Apologies**
- 2 Declaration of disclosable pecuniary interest**
- 3 Minutes of the previous meeting** (Pages 5 - 14)

To approve the minutes of the meetings on 16 September and 21 October 2014 (attached).

- 4 To review the action log**

Circulated separately.

- 5 Preparation for the 2015 district, parish and parliamentary elections and progress on the elections action plan** (Pages 15 - 24)

To receive the head of democratic services report.

- 6 Corporate Services Contract** (Pages 25 - 60)

To receive the Strategic Director's report.

- 7 To review the indicative work programme** (Pages 61 - 68)

To review the attached document.

MARGARET REED

Head of Legal and Democratic Services

Minutes

OF A MEETING OF THE

Scrutiny Committee



Listening Learning Leading

HELD AT 6.00 PM ON TUESDAY 16 SEPTEMBER 2014

COUNCIL CHAMBER, SOUTH OXFORDSHIRE DISTRICT COUNCIL
OFFICES

Present:

David Turner (Chairman)

Joan Bland, Celia Collett, MBE, Steve Connel, John Cotton, Kristina Crabbe, Pat Dawe, Paul Harrison, Elizabeth Hodgkin, Margaret Turner and Denise Macdonald (as substitute for Eleanor Hards)

Apologies:

Eleanor Hards tendered apologies.

Officers: John Backley (Technical and Facilities Manager), Steve Bishop (Strategic Director), David Buckle (Chief Executive), Susan Harbour (Democratic Services Team Leader), Paul Howden (Revenues and Benefits Client Manager, Bob Watson (, Chris Webb

32 Declaration of disclosable pecuniary interest

None.

33 Minutes of the previous meeting

RESOLVED: to approve the minutes of the meeting held on 22 April 2014 as a correct record and to agree that the Chairman sign them as such.

34 Performance Review of GLL Leisure 2013/14

David Buckle, Chief Executive, Chris Webb, Facilities Development Manager (Leisure), Ben Whaymand GLL Partnership Manager, Steve Hercus, GLL Regional Manager and Ben Dickson, GLL Divisional Director, formed the panel who presented this report to the committee and who answered questions from members of the committee.

The committee raised the following points during the course of the discussion.

There had been a significant reduction in the usage of dry sites particularly at the Abbey and Parkside centres. The panel confirmed that this was largely due to the gymnastic clubs moving to better facilities elsewhere. The contractors are continuously reviewing the programme and products which it provides to increase turnover, diversification and usage.

There appeared to be a high turnover of management staff and the committee wished to know how this would be addressed. The contractor felt that turnover was not unusually high for the leisure industry and that most of the turnover was due to promotion within the group.

The committee sought clarification on the difference between KPT 7 & KPT 9 (subsidy per visit and cost per visit). A written answer would be provided and appended to the minutes.

The committee sought clarification on how the council had exceeded the minimum income which it should receive under the contract. A written answer would be provided and appended to the minutes.

The main deliverable of the contract was to increase participation in the council's leisure facilities, yet performance on this was down by 10 percent and rated as "poor", however the head of service has used his discretion to raise this to "good" and therefore the overall assessment is "good", despite empirical evidence to the contrary. The panel confirmed that this was due to the single issue of the gymnastics club at Abbey to a stand-alone facility at Berinsfield. If that one event is excluded then participation levels have increased. Further concern was raised that the participation numbers can be so significantly skewed by one event and that there is a lack of robustness.

New vending machines are being trialled within the group locally, which uses a local company and should ensure that this service is more reliable and use healthier food options. It is hoped that this will improve the reliability of the vending machines. This should improve the KPT rating which is currently very poor.

The council satisfaction section of the report raises issues that too many maintenance items are being missed. GLL will take these concerns on board and address them.

The report highlighted the lack of activity classes and taster courses over the summer. The contractor are employing staff directly to deliver increased participation and are working with the council's participation officers. Comments have declined drastically. GLL will work to improve this for the next report.

Cleaning was highlighted as a consistent issue by council staff. GLL undertook to take this on board and to address it.

The committee noted the improvement in GP referrals and complimented the contractor in achieving this.

Some members raised concerns about the content of the reports which reviewed the performance of the council's contractors. The format of these reports is under review and will be brought back to Scrutiny before being adopted.

The committee debated whether the contractor should be awarded a “fair” or a “good” for their performance over the last year. Concern was raised that issues which have a major effect on users were not adequately covered in the report and that the Cabinet member would have to make a decision based on incomplete information.

On balance, the committee agreed to recommend an award of “good” to the Cabinet member for leisure.

35 Performance Review of Capita

David Dodds, Cabinet member for finance; Paul Howden, Revenues and Benefits Client Manager; Bob Watson, Accountancy Manager; Marcia Slater, Business Support Manager and Darren Keen, Capita Contract Manager formed the panel who presented this report to the committee and who answered questions from members of the committee.

The committee thanked the officers for the high quality of the report.

Points noted by the committee:

- Some customers had reported to councillors that they had not been happy with staff contact.
- The report had a recommended outcome of “good” rather than “excellent” as last year. The officers explained that although there was only a small percentage difference, last year the score had put the contractor marginally into the “excellent” category, and this year marginally into the “good” category.
- The committee requested information on the levels of fines if benefit payment targets are not met. The officers would supply this information to members of the committee.

The committee recommended, to the Cabinet member, that an overall score of “good” be awarded on this contract for the last year: broken down as follows:

- Excellent for Revenues
- Excellent for Benefits
- Excellent for Exchequer
- Good for Financial Management System
- Good for Payroll
- Excellent for Customer Contact

36 Review of Flooding in South Oxfordshire

To present this item, and to assist the Scrutiny Committee in its discussions were:

John Backley, Technical and Facilities Manager

Gordon Hunt, Oxfordshire County Council Highways

Bethan Morgan, Oxfordshire County Council Emergency Planning

Sarah Underhay, Environment Agency

David Baldwin, Monson Engineering

Huw Thomas, Thames Water

Spencer Whitely Thames Water

John Backley gave a presentation which is appended to these minutes.

The committee then discussed the matters raised with members of the panel. The following are the key points from that discussion.

- The Environment Agency are continuing to investigate flood risk areas.
- Oxfordshire County Council has additional money for carrier drains which should help to ease flooding on highways.
- There continues to be an Oxfordshire wide multi agency approach with engagement from a range of agencies including voluntary organisations and blue light organisations.
- There is also an important emphasis in promoting community resilience; this is often done through flood groups which are self-organising groups in areas which are, or have been, subject to flooding. Both the district and the county council provide information and support to these groups
- The committee asked that district councillors and parishes should be informed as to what flood related work needed to be done and what work had been completed.
- How many flood groups are active in South Oxfordshire and are there areas which need them.
- The committee requested that a list of key contacts in agencies provided to the officers. These could then be used as contact points for flood groups.
- The committee wished to know how Environment Agency advice to SODC had changed given events last winter, especially on planning (development control) matters; concerns were raised that advice from the EA is not clear enough when determining whether it is sustainable to build on areas which may be prone to flooding. The Environment Agency confirmed that they use the flood map to identify flooding areas when providing advice and would be pleased for councillors, or others, to report issues to bring the maps up to date.
- The committee wished to know whether it was possible to pull forward anticipated government grants to spend immediately. John Backley to check with the Environment Agency whether this was permissible.
- Thames Water confirm that the use mobile applications and other similar devices to provide up to date information to their customers.

The chairman thanked the representatives of all the agencies present for their good joint working during the flooding.

37 Financial outturn to March 2014

David Dodds, Cabinet member for finance and Bob Watson, Accountancy Manager, formed the panel who presented this report to the committee and who answered questions from members of the committee.

The following issues were raised during the committee discussion:

- The current rate of underspend was about £40 per Band D council tax payer; however, underspends did not accumulate, but rolled forward into future years.

- The outturn was partially skewed by grant money received in quarter 4, which had been uncertain when officers had estimated the outturn at the end of quarter 3.
- There had been slippage in the capital programme with regards to Didcot leisure Centre Project.
- The budget for 2014/15 which was set in February this year had removed significant amounts of potential over budgeting in the services' base budgets - the effect of these budget changes would not have been reflected in the outturn report.

The accountancy team assured the committee that several measures had been put in place to improve next year's outturn, these included:

- Contingency monies had been centralised.
- Training had been improved for budget holders to assist them in more accurately setting their budgets and profiling them across the year.
- More emphasis had been placed on budget holders for providing accurate budgets.

38 Work Programme

The committee requested that the following items be added to the work programme:

Elections: individual elector registration and other administrative processes

Corporate Services Contract

Local plan: issues and options.

The meeting closed at 8.40 pm

Chairman

Date

Minute 34, Performance Review of GLL Leisure 2013/14 – Additional Information

a) the difference between KPTs 7 & 9

The main difference between KPTs 7 & 9 is that a comparison of income against expenditure is used for KPT 7 whereas expenditure only is used for KPT9. More relevant comparators will be developed for use under the new contract.

b) how the council had exceeded the minimum income which it should receive under the contract.

The contract commenced in 2009. Since then the following have taken place:

- Thame pool uplift - started in August 2010
- Castle uplift - started October 2010
- Park uplift - started April 2011
- Thame Gym uplift - January 2013
- Various carbon management initiatives between 2009 and 2014 adding to income

Minutes

OF A MEETING OF THE

Scrutiny Committee



Listening Learning Leading

HELD AT 6.00 PM ON TUESDAY 21 OCTOBER 2014

COUNCIL CHAMBER, SOUTH OXFORDSHIRE DISTRICT COUNCIL
OFFICES

Present:

David Turner (Chairman)

Celia Collett, MBE, Steve Connel, Pat Dawe, Eleanor Hards, Paul Harrison, Alan Rooke and Margaret Turner

Apologies:

Joan Bland, Kristina Crabbe, Tony Harbour, Elizabeth Hodgkin and Imran Lokhon tendered apologies.

Officers:

Steve Bishop (Strategic Director), Andrew Down (Head of HR, IT and Technical Services), Phil Ealey (Housing Needs Manager), Susan Harbour (Democratic Services Team Leader), Paul Howden (Revenue and Benefits Client Manager), Ron Schrieber (Democratic Services Officer) and Simon Turner (IT Operations Manager).

Also present:

Tom Fox (Director, Oxfordshire South and Vale Citizens Advice Bureau)

39 Changes in Membership

The Committee was informed that, following the election of John Cotton as Leader of the Council and the appointment of his new Cabinet, Councillors Cotton and Will Hall had resigned as members of the committee and Tony Harbour and Imran Lokhon had been appointed in their place. Robert Simister had resigned as a substitute member.

40 Declaration of disclosable pecuniary interest

None.

41 Minutes of the previous meeting

Consideration of the minutes of the meeting on 16 September 2014 was deferred to the next meeting.

42 Welfare Reform Act 2012 - effect on South Oxfordshire residents

The committee considered the report of the Head of Finance which detailed the effect on local residents of the welfare reforms arising from the Welfare Reform Act 2012.

The officers reported that, to date, there had been no significant changes in the levels of homelessness as a consequence of the introduction of the “social sector size criteria” rules and the national “benefit cap” but that the situation would continue to be monitored closely.

Tom Fox, representing the South and Vale Citizens Advice Bureau (CAB) commended the council on the way in which the legislative changes had been managed and confirmed that there was no evidence that the situation was worsening. However he expressed the view that the legislative changes, coupled with the roll out of Universal Credit, would have a cumulative detrimental effect on those struggling to survive on low pay and/or benefits. He reported that, following the closure of Oxfordshire County Council’s Support Fund in March 2014, the only options for those in need were charities or moneylenders. He offered to circulate a report from the Oxford Food Bank and asked Members to lobby the County Council to re-establish the Support Fund.

South Oxfordshire Housing Association (SOHA), the main social landlord in the SODC area, had been unable to send a representative to the meeting but had submitted an update which stated that, whilst most households affected by the welfare reforms wished to “pay and stay”, there had been a reduction in the number of people able to do so due to the pressure on limited budgets.

In response to questions, officers and Tom Fox reported that:

- Although the highest priority was given to anyone on the housing register downsizing by two or more bedrooms there had been relatively few such moves as, generally, residents wishing to downsize, wanted to stay within the locality or look for specific properties.
- There was a lack of information about the number of food banks in South Oxfordshire as there were many small, independent ones. However Thame, Henley, Didcot and Wallingford all had food banks.

- When Universal Credit was rolled out, self-employed claimants would be treated as earning a minimum income floor, regardless of their actual income. They would be expected to report their earnings monthly and there were concerns that some people might be discouraged from becoming self-employed.
- SOHA would be requested to provide further information regarding the number of tenants affected by the social sector size criteria rules and the number in arrears prior to the welfare reform changes.
- SOHA would be requested to confirm whether it encouraged tenants to take in lodgers.
- The SOHA Welfare Reform Project Officer was a new post.
- Council officers held regular meetings with Jobcentres, Registered Social Landlords neighbouring authorities and the CAB to monitor the situation.
- Once Universal Credit was rolled out, significant resources would need to be allocated to support tenants in receipt of direct payments to help them manage their budgets. The CAB was in discussions with SOHA in order to offer proactive support to tenants rather than wait until they got into debt.
- Any underspend in the Discretionary Housing Payment budget would have to be refunded to the Government and would affect allocation of this fund to the council in future years.
- The welfare reform changes resulted in a significant increase in calls to the benefits contact centre causing a deterioration in response times. It was not known how many calls would be made to the council rather than Jobcentres when Universal Credit was rolled out.

RESOLVED: to

- a) consider the effect of the Welfare Reform Act 2012 on South Oxfordshire's residents annually; and
- b) request that the housing allocations policy banding scheme be circulated to committee members.

43 IT Procurement

The committee considered the report of the Head of HR, IT and Technical Services which updated the committee on the progress of the information technology (IT) infrastructure project.

In response to questions, the officers reported that:

- Various locations had been considered for the data centre. A requirement was that it needed to be within a 90 minute drive from South Oxfordshire Council offices.

- It was anticipated that the move to a web-based email system would reduce the number of passwords required for access. However the security standards of the Public Services Network would need to be met.
- Members could continue to access the council intranet and email from their own equipment.
- The majority of staff would continue to use their desktop computers, whilst a minority would be issued with laptops or other suitable devices.
- Approximately 95% of the system could be run by the secondary data centre.
- The link was to the network service provider rather than direct to the data centre. A secondary circuit to Crowmarsh Gifford would be installed.
- Everything in the primary data centre would be replicated in the secondary centre to minimise the risk of data loss. Business continuity arrangements would still be needed in the event of a disaster.
- Approximately five to ten days of staff time were spent preparing specifications with several more days on evaluation.

It was agreed to ask the Economic Development Team to circulate an update on the roll out of superfast broadband.

44 Work Programme

An updated work programme was tabled.

Concerns were expressed about the amount of business, including the budget, scheduled for the February 2015 meeting. Members were advised that there would be a separate budget presentation once the Administration's proposals had been published at which questions could be asked and that this might reduce the amount of discussion at the Committee. However officers agreed to consider whether it would be possible to defer any of the other scheduled items to a later meeting.

The meeting closed at 7.40 pm

Chairman

Date

Scrutiny Committee Report



Listening Learning Leading

Report of Head of Legal and Democratic Services

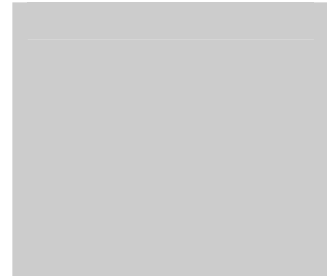
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To: Scrutiny Committee

Date: 2 December 2014



Preparation for the 2015 district, parish and parliamentary elections and progress on the elections action plan

Recommendation: to note the progress on the preparations for the 2015 district, parish and parliamentary elections and on the election action plan.

Purpose of Report

1. To consider progress on the preparations for the district, parish and parliamentary elections in May 2015 and on the implementation of the scrutiny committee's recommendations on the review of the 2011 local elections.

Background

2. At its meeting on 15 January 2013 the committee considered an update report and requested a further report in September 2014 on the project plan for 2015. In light of a number of conflicting projects, including the implementation of Individual Electoral Registration (IER), which requires each person to register to vote individually rather than by household, the chairman agreed a request to delay the submission of a report to this meeting. This report also fulfils the recommendation agreed by the committee in July 2011 for a report in November 2014. Appended to this report is a table setting out the recommendations of this committee agreed at its meeting in July 2011 and the progress in addressing each recommendation. The body of the report includes further detail on a number of issues.

Progress on implementation of recommendations

3. Since 2011 the elections team has successfully delivered a number of by elections at county council, district council and parish council level, the Police and Crime Commissioner elections in 2012, Oxfordshire County Council elections in 2013, the European Parliamentary elections in 2014 and two neighbourhood plan referendums. These elections have allowed the team to further address the actions identified in the review, improve their project management/risk management processes and importantly identify how best to deliver the 2015 elections.
4. The **attached** schedule provides an update on the status of the committee's recommendations.
5. The schedule shows progress against the recommendations and where applicable identifies arrangements for 2015. The following paragraphs expand on a number of important issues for the delivery of the elections.

Appointment of printers (postal vote issues)

6. Printing issues formed a major part of the review undertaken in 2011 and were identified as a major factor that contributed to the issues encountered at the 2011 elections including incorrect ballot papers and the non-delivery or incorrect delivery of postal packs. As reported at the committee meeting held on 15 January 2013 David Buckle, in his capacity as returning officer (RO) appointed an alternative printing firm which successfully delivered a number of by-elections, annual canvass registrations and the Police and Crime Commissioner Elections in 2012. However, in 2013 the RO took the decision to undertake a full procurement exercise to test the market and ensure the council had a contract in place setting out service delivery expectations and which would offer both him and the council a means of redress in the event of the non-delivery of service.
7. Officers undertook the procurement exercise in accordance with the council's procurement processes and with support of officers within the procurement team. The council invited proposals from companies who had extensive proven electoral and electoral registration work experience. Three companies submitted proposals which were scored in accordance with the advertised process. The contract was awarded to the company who had undertaken work for the RO and council since the 2011 elections. To date the company has delivered an excellent service offering regular communication with officers and attending meetings at the council offices prior to the delivery of major elections.

Purchase and performance of new software

8. Committee members will be aware that since the IER go-live date of 10 June the council's previous electoral management system was beset by problems which delayed the introduction of IER during the summer. Because of ongoing problems the chief executive, in his capacity as electoral registration officer, took the decision to seek an alternative

software provider with a proven track record in the delivery of IER. On 10 October the deputy leader of the council took an urgent decision to award the contract to an alternative software provider. The council is now successfully delivering IER albeit behind schedule. Officers are confident that this new software will positively contribute to the delivery of the 2015 elections.

Project management arrangements and resource plans

9. The 2011 review identified the need for activities to be undertaken by staff outside the core team. The report to the January meeting of this committee identified the option of engaging a project manager from outside the core team for major elections to provide a fresh perspective and an independent challenge. Officers agreed to implement this approach for the delivery of the IER project with the appointment of an officer with proven project management experience from outside the service managing both the project plan and risk register elements of the project – a move welcomed by the Cabinet Office. In light of the success of this approach the RO has appointed the officer as project manager for the delivery of the 2015 elections. He will commit up to two days a week to the project from now until February and then commit more time nearer the election. The project will be run in accordance with the council's project management procedures and comprise both a project team and project board to oversee the successful delivery of the project.
10. In addition to the appointment of a project manager external to the service the RO is seeking to appoint a consultant with extensive experience in the delivery of elections from the Association of Electoral Administrators as a critical friend to review the project plans and preparations in general. The appointee will be expected to attend the project board meetings.
11. This report and appendix sets out a number of ways in which existing council staff resources will be deployed to assist with the delivery of the 2015 elections. In addition to this the elections team comprising a team leader, officer, trainee and a four person administrative team will be supported by an additional temporary member of staff from January until 30 June 2015.

Count arrangements for 2015 elections

12. The 2011 review identified the inadequacies of the Thame Leisure Centre as a count venue and recommended an assessment of other more suitable venues. With no suitable sized venue currently available in South Oxfordshire the report to this committee in January 2013 identified that the Leisure and Tennis Centre in Abingdon was successfully used as the count venue for the Police and Crime Commissioner Elections in 2012 and would be used as the count venue for the Oxfordshire County Council elections in 2013. The successful delivery of these elections and the subsequent European Parliamentary elections in 2014 at the same venue has reinforced the returning officer's view that this is the most suitable

venue across both South Oxfordshire and Vale for the delivery of the combined elections in 2015.

13. In light of the scale of next year's elections the RO has appointed Clare Kingston, Head of Corporate Strategy, as count venue manager to oversee this element of the project. She is currently scoping the project and will appoint appropriate support staff to undertake specific roles.
14. All ballot boxes will be returned to the count venue for verification at the close of poll on Thursday 7 May. The three parliamentary constituency counts will be held immediately following the completion of the verification with the announcement of results by the morning of Friday 8 May. The RO is currently finalising arrangements for the timing and location of the district and parish council counts. Current proposals involve holding the district council counts on Friday 8 May at the Leisure and Tennis Centre in Abingdon. The final timing will be dependent on the availability of staff and provision of a reasonable rest period for those staff who would have worked on election day and through the night.
15. At the 2011 elections a number of parish councils requested that future parish council election counts be held in the community. In light of this request the RO is exploring the possibility of holding the parish council counts on Saturday morning in regional count venues (Henley, Thame and Wallingford). A meeting to discuss these arrangements with the proposed venues is scheduled for 10 December 2014.
16. Officers are aware that other authorities intend to hold district counts on Saturday and parish council counts on Monday. In light of this officers are currently undertaking a survey of authorities within the South East to gain a picture of how other authorities are approaching this major exercise. The RO will make a final decision in light of this survey and the meeting referred to in paragraph 16 above.

Call handling by Capita

17. The elections team was not prepared for the number of telephone calls received in 2011 and was overwhelmed by the number it received when issues arose. Whilst additional staff resources were made available during subsequent elections, officers continued to explore other options to increase resilience and relieve the pressure on the core team. With the introduction of IER, and in anticipation of the high volume of routine phone calls, arrangements were made for Capita to undertake electoral services call handling on behalf of the council. Due to the success of this exercise officers are currently working on an extension of this agreement to allow Capita to answer more general electoral questions from customers. We anticipate that this arrangement will be in place for the 2015 elections.

Engaging with stakeholders for 2015 elections

18. The appendix to this report contains recommendations to improve the communication with those involved in the election process (for example parish councils and agents). Such communication has improved at the

elections held since 2011. The RO and elections team will ensure this is maintained and enhanced for the 2015 elections. Officers are currently finalising a 2015 election webpage which will include relevant information and sign post customers to other relevant information held with other organisations – for example the Electoral Commission. On 2 December, immediately prior to this meeting, the RO is scheduled to have his first meeting with election agents. As stated in recommendation vi of the appendix to this report, officers will attend a meeting of parish clerks to offer guidance on the electoral process.

Financial Implications

19. None arising from this report.

Conclusion

20. At its meetings in April 2012 and January 2013 the committee considered update reports on the implementation of its recommendations, agreed at its meeting in July 2011, for suggested improvements for the future management of elections. This report provides an update on the delivery of those recommendations and the preparations for the delivery of the 2015 combined elections. The committee is asked to note progress to date and make any observations.

Background Papers: Report to committee meetings held on 21 July 2011, 17 April 2012 and 15 January 2013. Minutes of the above scrutiny committee meetings.

Update on status of committee's recommendations

	Recommendation	Status comment
1		
i	exercise to identify and select a suitably experienced printing firm be undertaken	See paragraphs six and seven of main report
ii	a suitable local printer be identified to deal with small scale elections printing and to provide back up in the crucial period immediately prior to an election	A local printer identified and agreed to provide back up for printing ballot papers.
iii	a communications strategy be developed for all elections using the councils' facilities and a wide range of media;	The elections team works closely with the communications team and specifically their identified 'communications buddy' during all elections. A full communications strategy is in place for 2015. The November edition of Outlook is 'an elections special'.
iv	during the nominations process frequent communication take place with agents	Agents are now regularly updated on developments (issue of poll cards/postal votes etc and advised of any problems).
v	the nomination process be reviewed to ensure a more efficient and effective use of resources and eliminate use of paper records	Officers will explore the feasibility of this with the new electoral software package.
vi	clerks of parish and town councils should be advised that they are not required to handle completed nomination papers	Guidance note to parish clerks has been amended to reflect this and will form part of written instructions to parish clerks for future elections. Officers are scheduled to attend the Society of Local Council Clerks on 25 November to brief clerks on arrangements for the elections.
vii	analysis take place to identify those activities which must be carried out by the core team and those which are peripheral and could be carried out by other parts of the organisation but shaped by the elections team	<p>Non-core team officers are trained and administer the postal vote opening sessions.</p> <p>The training of presiding officers and poll clerks is delivered via an online session followed up with a short briefing session from the RO when staff collect their ballot boxes. This releases elections staff from the resource intensive process of delivering numerous training sessions.</p> <p>Non-core team officers from the department's business unit will be on standby to assist with telephone queries and any other duties as required.</p> <p>See paragraphs nine, 10, 13 and 17 of main</p>

	Recommendation	Status comment
		report.
viii	during the election period the project plan and risk register be regularly updated to form part of short and focussed meetings of the core elections team chaired by the returning officer (or a deputy authorised to act on his behalf) to oversee progress	RO continues to hold monthly update meetings with core team. Project board meetings have been scheduled for the 2015 elections.
ix	the two separate IT systems used by the elections team be integrated as soon as possible	Joint data base system in place and operating successfully. No issues identified with new electoral software.
x	data be supplied to the printer in a timely manner so that majority of postal vote packs are in future provided to Royal Mail on the day after the postal vote deadline	A change in legislation now requires postal votes to be issued to electors as soon as is practicable, which in practice means at any time after the details to be printed on the ballot papers have been confirmed – deadline for withdrawals. A second issue is made for new applications received by the registration deadline date.
xi	the Online Business Account be used by both the printer and the elections staff in a timely manner to check the quantities of documents supplied to Royal Mail against the data file supplied to the printer	Officers receive data from the printers on the number of data files received, poll cards and postal vote packs produced and supplied to the postal service and from Royal Mail on the number of packs received from the printers and entering the mail system. For each election the election team ensures it has a named contact at Royal Mail to follow up on any issues that may arise.
xii	an exercise be carried out to identify colleagues outside the core elections team who can support the process in a variety of roles such as overseeing postal votes, inspecting polling stations, count supervision having received appropriate training;	As noted in vii non core team officers manage the postal vote opening/verification work for major elections. Non-core elections officers act as polling station supervisors and count supervisors. Appropriate briefing/training sessions are held and updated to reflect each type of election.
xiii	all options for count venue(s) in 2015 be considered and each potential count venue be subject to a detailed written assessment and that a named person holds responsibility for the preparation of	See paragraphs 12 and 13 of main report.

	Recommendation	Status comment
	the selected venue(s);	
xiv	a training course be developed for count supervisors encompassing all aspects of their role;	Comprehensive briefing sessions held for count supervisors. These will be repeated for the 2015 elections.
xv	the 'combination method' is not a recognised means of counting 'split votes' and should not be used;	Officers agree the count method before each election, train and instruct staff accordingly and explain the process to agents. The 'block vote' method of counting is a valid option in appropriate circumstances, for example where four candidates stand for two seats.
xvi	the returning officer review the method used for counting 'split votes';	As above. Procedures to be determined for each count.
xvii	all staff employed by the returning officer be paid by BACS through the payments system; use of cheques becoming an exception;	Due to the timing of the PCC elections staff were not paid by BACS due to concerns that payments would not be received before Christmas as favoured by the Home Office. However, payments have been made via BACS for all subsequent elections. This form of payment is now necessary to ensure the RO complies with the Real Time Information (RTI) directive. Officers are currently assessing the options offered by the new elections software package to provide further payroll efficiencies.
xviii	the allocation of polling stations be reviewed in the light of the electorate and turnout figures;	A polling district and places review completed and agreed by Council at its meeting in December 2011. Officers are currently undertaking a further review in accordance with the requirements of the Representation of the People Act 1983, as amended by the Electoral Administration Act 2013 to undertake a review before 31 January 2015.
2	the returning officer shall provide a report to the scrutiny committee in six months and in November 2014 setting out progress on implementing these recommendations, and the scrutiny committee should regularly monitor progress on implementation;	The report to this committee in April 2012 fulfilled the first part of this recommendation. The committee considered a further report at its meeting in January 2013 in accordance with a request made at its meeting in April 2012. This report fulfils the request made at its meeting in July 2011 for a report in November 2014.

	Recommendation	Status comment
3	To ask the Electoral Commission to examine and report on the council's elections systems fitness for purpose within the next 12 months.	As reported in April 2012 the Electoral Commission does not undertake such work although it does require the submission of data and information during an election and uses this to monitor performance. No issues have been raised by the Electoral Commission during the delivery of elections since 2011 and none were raised by Oxfordshire County Council's returning officer in 2013 or the Regional Returning Officer who oversaw the delivery of the European Parliamentary elections in 2014. Paragraph 10 of this report states that the RO is seeking to appoint an AEA consultant to ensure the preparations for 2015 are fit for purpose.

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Joint Scrutiny report



For: Vale Scrutiny Committee 27 November 2014
South Scrutiny committee 2 December 2014



Report of Strategic Director

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Wards affected: All (indirectly)

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To: CABINET

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DATE: 5 December 2014

Future delivery of corporate services

Purpose of bringing this report to the Scrutiny Committees

This is the draft officer report for consideration by the South and Vale Cabinets in early December 2014. The Scrutiny Committees are invited to consider this report prior to Cabinets and to provide any observations or comments to their respective Cabinet. This draft report may be amended before it is finalised. The strategic director will attend the Scrutiny Committee meetings to update the committee members on any amendments and to answer any questions.

Recommendation to the Scrutiny Committees

The Scrutiny committees are invited to consider this draft cabinet report, scrutinise any aspects and direct observations or comments to their respective Cabinet for consideration by the cabinets at their meetings in December.

Recommendations

The Cabinets are recommended to:

- (a) confirm the following services should be jointly market-tested in 2015: revenues, benefits and associated financial services in the current contract; accountancy, internal audit, land charges, licensing, debt recovery legal activity, car park administration, data capture, human resources, street naming and numbering, IT applications support, IT helpdesk, IT infrastructure support, IT security, facilities management, procurement, engineering and property services.
- (b) confirm that the following services should not be jointly market tested in 2015, but included in the procurement as potential future contract additions: canteen, democratic services, professional legal services, mobile home parks management, CCTV operations, public conveniences cleaning and treasury management.
- (c) approve two service package procurements, being one package comprising 'citizen, corporate, support services', and, one package comprising 'technical, asset and location-based services'.

- (d) delegate authority to the Strategic Director in consultation with the leaders to approve the details of the joint procurement strategy.
- (e) delegate authority to the Strategic Director in consultation with the leaders to negotiate the memorandum of understanding with other council partners and to approve it.

Purpose of Report

1. The financial services contract expires in July 2016 and officers are about to start preparing for that major procurement exercise. The existing contract has brought the councils many benefits and financial savings. Following the Cabinets' decisions in October, draft service specifications have been completed and our consultant has worked with our partner councils and the market to assess procurement options. This report proposes the final list of services which should be market tested, sets out the optimal joint procurement strategy and recommends inter-council governance arrangements.

Corporate Objectives

2. This report addresses the corporate priority both councils have of managing our business effectively and of providing value for money services that meet the needs of our residents and service users.
3. 'Value for money' is measured by comparing quality with cost/price. The councils continually strive to improve the value for money offered to residents and service users by assessing alternative ways to deliver services which may achieve higher quality and/or lower cost. The re-tendering of the financial services contract, and its expansion to encompass other corporate services, provides the greatest

potential opportunity for the councils to significantly improve value for money in the foreseeable future.

Background

4. The local government financial landscape is changing as the government seeks to substantially reduce public sector spending. Government grant formula has changed from a needs basis to an incentive basis. The recent windfalls in New Homes Bonus are likely to be curtailed after next year's general election which would cause medium term financial pressures to South and Vale councils, as well as many other councils. To stay 'ahead of the curve' the Strategic Management Board is looking to use every opportunity to make further efficiency savings without cutting frontline services.
5. South and Vale have a successful track record of sharing services and undertaking joint procurements which now provide some of our best ever service delivery performance and save the councils over £4 million annually.
6. For the past year members of the Strategic Management Board have been assessing the market's appetite for delivering the councils' corporate services. Officers have also been exploring opportunities to involve other district councils.
7. Since January, when officers briefed cabinet members on progress, three other district councils have expressed an interest in procuring corporate services jointly with us. The market research and a recent successful 'suppliers day' have confirmed the potential to secure substantial improvements in value for money if a broader range of services are offered alongside revenues and benefits.
8. In order to commence a formal joint procurement and to agree partnering arrangements with the other councils, the cabinets are asked to approve the recommendations above.

Options

9. In reaching this point, the Strategic Management Board has considered the following three options.
10. **Option 1 (outsource nothing):** An option is to insource financial services and for the councils to deliver all corporate services themselves. Most of the £600,000 annual savings and the resilience benefits generated from outsourcing those services eighteen (South)/eight (Vale) years ago would be reversed. The councils would take back the significant operational risks. For these reasons the Strategic Management Board has not pursued this option and the Cabinets rejected this option at their October meetings.
11. **Option 2 (outsource the same):** The 'status quo' option would be for South and Vale to simply re-tender the financial services which have already been outsourced. These services comprise:
 - Council tax and non-domestic rates collection
 - Benefits administration

- Accounts receivable and payable
 - Payroll
 - Integrated financial management information system
 - Cashier services
 - Customer contact services (front of house and switchboard)
12. This option represents low risk. Re-tendering would provide an opportunity for further service investment, efficiencies and financial savings. However market research has confirmed that these benefits would be on a modest scale given the significant investment and efficiencies already achieved by the current contractor, Capita. Without additional council volumes there would be no scope for greater economies of scale. If this option is pursued, cabinet members are asked to insource the provision of the financial management system as its separation from the accountancy service has caused problems. The cost of procuring a new system (approximately £0.5 million across the two councils, plus annual support) would need to be budgeted for.
13. At their October meetings the Cabinets confirmed the intention to market test a broader range of services, thereby rejecting this option.
14. **Option 3 (outsource more):** The Strategic Management Board considers that there is potential benefit in outsourcing an additional range of services to those covered in option one. This view was endorsed by the Cabinets at their October meetings. The services are examined in the section below.

The services

15. The following services additional to the already outsourced revenues, benefits and associated financial services were originally proposed by the Strategic Management Board:
- car park administration
 - engineering/drainage
 - legal
 - facilities management
 - IT security
 - land charges
 - canteen operation
 - IT helpdesk
 - licensing
 - human resources
 - data capture
 - accountancy
 - IT applications support
 - street naming
 - internal audit
 - IT infrastructure support
 - CCTV operation
 - Property services (added by Cabinets)
 - procurement
 - democratic services
16. The optimum scope of services depends upon a number of factors such as market appetite, synergies, potential for scale efficiencies and the ability to deploy new

technologies to achieve improvements in quality/efficiency of services. Our project consultant has compiled an evidence base through consultation with potential suppliers ('market engagement'). His detailed draft report is appended to this report (appendix B), which will be firmed up as the procurement strategy and memorandum of understanding discussions are concluded in the coming months in accordance with recommendations (d) and (e).

17. Our consultant recommends the exclusion of democratic services, legal services and canteen operations from the joint procurement as they are markedly different to the remaining services, unlikely to be of interest to the suppliers attracted by the remaining services. The professional legal advice services are less transactional and less repetitive than many of the other services and outsourcing companies have been unable to demonstrate the potential for significant value for money improvements over inhouse provision. Their inclusion in the procurement could even put off some suppliers and compromise the benefits arising from the exercise. The Strategic Management Board shares this view, although recommend retaining in-scope the debt recovery legal activity which is more repetitive.
18. Our consultant also recommends the exclusion of other services in the same service area - general/taxi licensing, debt recovery work and land charges – for the same reasons. However, the Strategic Management Board believes these smaller services are more transactional in nature and would attract market interest. Being more repetitive and transactional the Strategic Management Board believes they could be provided more cost-effectively by an outsourcing company and they should therefore be market tested.
19. The mobile home parks management service, being delivered by one full time equivalent and requiring onsite physical presence, is unlikely to contribute significant value for money improvements and would not be cost-effective to take forward. This service, as well as CCTV operations and public conveniences cleaning are not of interest to our three council partners, therefore are not going to contribute significant volumes to the joint contract. In addition the CCTV operations are subject to a Thames Valley Police review and we need to retain flexibility of service delivery to facilitate their wider area solution. For these reasons the Strategic Management Board recommends that these services should be excluded from the procurement exercise.
20. The inhouse treasury management team invests hundreds of millions of pounds of the councils' financial balances and annually outperforms the councils' previous outsourced fund managers. The higher investment returns are used to fund high quality service delivery and projects. To outsource the function would probably reduce the councils' investment income streams which would cause budget pressures. To avoid this the Strategic Management Board recommends not outsourcing the service, therefore it should be excluded from market testing. Instead, the councils should discuss with other partner councils the merits of providing this as a shared inhouse service to all five councils.
21. Taking all of the above into account, and for the avoidance of doubt, the Strategic Management Board recommends market testing the following services alongside the already outsourced financial services:

Services to be included in market testing

- revenues, benefits & financial services
- car park administration
- facilities management
- human resources
- IT applications support
- IT infrastructure support
- procurement
- engineering/drainage
- IT security
- Property services
- IT helpdesk
- data capture
- street naming and numbering
- land charges
- licensing
- accountancy
- internal audit
- debt recovery legal activity

22. The Strategic Management Board recommends removing the following services from the scope of the project, in other words not market testing them:

<u>Services to be excluded</u>	<u>Reason for exclusion</u>
• canteen operation	Different market to the main outsourcing suppliers, physical onsite presence required (paragraph 17 above)
• democratic services	Different market to the main outsourcing suppliers (paragraph 17 above)
• professional legal services	Different market to the main outsourcing suppliers (paragraph 17 above)
• mobile home parks management	Small service, physical onsite presence required, low prospect of value improvement, no interest from partner councils (paragraph 19)
• CCTV operation	Physical onsite presence required, retain flexibility ahead of Thames Valley Police review, no interest from partner councils (paragraph 19)
• public convenience cleaning	Different market to the main outsourcing suppliers, Physical onsite presence required, no interest from partner councils (paragraph 19)
• treasury management	Inhouse function demonstrably outperforms external fund managers, seek to create shared clientside service (paragraph 20)

23. Whilst the services under paragraph 22 above would not be subject to market testing during 2015, the Strategic Management Board recommends including them in the procurement advert, to provide the option of adding them to the contract at a later date should circumstances change and that option becomes more attractive.

Procurement strategy

24. Our consultant has identified that the services recommended for market testing fall into two packages, each package attractive to a specific market of interested suppliers:

Citizen, corporate and support services (professional support services)

- Revenues, benefits & associated financial services
- human resources
- IT applications support
- IT infrastructure support
- procurement
- IT security
- IT helpdesk
- data capture
- street naming and numbering
- land charges
- licensing
- accountancy
- internal audit

Technical, asset and location-based services

- car park administration
- facilities management
- engineering/drainage
- property services

25. It is proposed that these two service packages should be market tested as two parallel procurements. This will appeal to the two different markets, ensuring best package proposals by the two separate groups of suppliers.

26. The market engagement exercise has also identified that the larger outsourcing suppliers may also be attracted to a more sophisticated 'managing agent' model where they act as prime contractor for delivering all services in both packages, but commission specialist 'best of breed' suppliers for certain services. Officers would structure the procurements and tender documents to allow for individual package

tenders as well as aggregated managing agent tenders. This will test whether one model offers greater benefit (and lower risk) over the other.

27. The consultant has started to work with other council partners and lead officers to design other elements of the procurement strategy including the specific EU procurement route (likely to be a form of competitive dialogue), the form of contract, length of contract period, and the clienting arrangements. These need to be agreed and approved in the next two months ahead of the formal procurement exercise commencing early in 2015. In order to allow ongoing negotiations across the five councils and to avoid delays in obtaining the necessary approvals, it is recommended that the cabinets delegate authority to the strategic director in consultation with both leaders to approve the procurement strategy. Details will also be discussed at the project board meetings which both leaders and the chief executive attend.

Inter-council governance arrangements

28. South and Vale councils have earlier contract re-tender deadlines and have therefore proposed much of the project arrangements up to this point. It is vitally important that all five councils feel equal partners in any joint procurement exercise. That includes agreeing joint governance (decision-making) arrangements, risk-sharing and bearing fair shares of the financial burden. It is proposed that a memorandum of understanding be agreed by all council partners in the next four months to cover the various mutually binding commitments needed to proceed through to contract.
29. It is recommended that the cabinets delegate authority to the strategic director in consultation with both leaders to negotiate the memorandum of understanding with other council partners and to approve that memorandum.

Financial Implications

30. When financial services were last re-tendered eight years ago together with the creation of a joint client team, South achieved annual savings of over £400,000 and Vale saved £240,000 per annum. The one-off cost of the procurement in consultancy fees was approximately £125,000. This excludes the cost of officer time which was a 'sunk' cost.
31. The cost of consultancy this time will vary according to the breadth of services and number of councils involved. The technical consultant has been appointed on a flexible contract allowing South and Vale to flex the cost according to available budget. The existing budget of £100,000 will be utilised this financial year. Additional budget will be required for external legal expertise, which is the subject of a 2015/16 budget growth bid. These costs will be shared with other participating council partners. In addition, the councils have successfully won £125,000 of the government's Transformation Challenge Award bid this year. Given these uncertainties the total cost of procurement will vary between £25,000 and £63,000, plus legal costs.
32. This one-off cost should be compared with the potential annual savings arising from the procurement. If South and Vale were simply to re-tender financial services, without the involvement of other councils, it is likely that the market would provide modest additional savings compared to current contract prices. Any

contractor would inherit high-performing services which benefit from the previous investments and efficiencies introduced by Capita. These modest savings would be enhanced by the economies of scale available from other councils' service volumes. (This saving could be outweighed by the cost of procuring a new financial management system given the cabinet decisions in October to synchronise the responsibilities of financial staff with financial software.)

33. The market has confirmed that a joint procurement of broader service mixes presents unique opportunities for multiple services across multiple councils. The scale and volume of services would attract great market interest and investment proposals from tenderers which could lead to a step-change in both service investment and efficiency savings. For the purpose of the TCA bid officers have suggested a savings target of £4.5 million over the ten year contract life, which is very modest. The flexibility offered by broader joint procurements means that the councils are not committing to outsourcing any services until tenders are received and until any increased value is tested. Therefore, in the unlikely event that additional savings are not available, the councils could choose to simply award a financial services contract.
34. Staff engagement is a key aspect. Teams will be encouraged (though not pressured) to consider introducing further 'lean' improvements to their services, re-structuring, streamlining, rationalisation and budget cuts in the run-up to market testing in order to be as cost-efficient as possible and delivering to the same levels of quality and volume by the time the market's value for money proposals are compared with inhouse service value for money. In practice this is likely to drive further efficiencies even if ultimately councillors decide to retain services inhouse rather than outsource them. So the process itself as well as the specific outcomes should deliver value for money improvements.

Legal Implications

35. The council must comply with EU procurement regulations to secure competitive tenders and to minimise the risk of challenge. The appointed consultant, our procurement officers, inhouse legal and external legal advisors will advise on a compliant and successful procurement exercise. The procurement strategy, which will set out our approach, will be discussed with leaders, the project board and approved in due course.
36. Partnering with other councils besides South-Vale introduces added complexity and risks, which are likely to require new legal agreements between all councils and strong governance arrangements, starting with a memorandum of understanding in early 2015.
37. Should the council choose to outsource any inhouse services there will be further complexities and liabilities such as arising from the transfer of staff to the preferred contractor. Any resulting issues and risks will be identified through the process, reported to councillors and mitigated/managed through the development of the new outsourcing contract.

Risks

38. This will be a major procurement and project with significant risks arising. The consultant and strategic director will be responsible for managing and mitigating

the risks in accordance with well-established risk management and project management toolkits. The following risks have already been identified and will be added to throughout the project:

- Political/reputational – that the project attracts negative publicity (mitigate by regular updates to politicians via the strategic management board and project board)
- Professional – that by outsourcing certain professional skills, the partners lose that expertise in-house (mitigate by each partner carefully assessing the outsourcing of each service and ensuring contractual provision of such services)
- Financial – that the project savings targets are not achieved and the tenders are higher cost (mitigate by carefully drafting the specification and draft contract, choice of procurement route to provide flexibility, establishing accurate cost base on which to benchmark tender costs, identifying volumes, thorough consideration of risk allocation - ultimately the councils can choose not to accept any tender that does not offer better value for money)
- Legal – challenge possibly due to breach of procurement regulations (mitigate by inclusion of procurement and external legal expertise on project team to ensure compliance)
- Partnership – that the partnership breaks down and we fail to agree single specifications (mitigate by upfront acknowledgement of equal partner status and collective acceptance of compromise, chief executives and leaders on the project board to escalate and resolve disagreements, partnership spirit embraced by all, clear memorandum of understanding)
- Staffing – the uncertainties around job security and long term prospects may cause some staff to look elsewhere and resign rather than be TUPE-transferred to an outsourcing company. This could disrupt service delivery causing extra management pressures, for example reduced responsiveness (mitigate by staff representation on the project team, frequent communication, staff involvement at three influential stages and the parallel delivery of a separate change support programme to support teams and individuals)

Other implications

39. This procurement is a major project giving rise to many implications over the next two years which cannot be adequately covered here. It will be managed in accordance with the council's project management process, including strong governance in the form of a project board comprising the leaders and chief executives of participating councils, as well as a multi-disciplinary project team under the direction of the technical consultant, with a lead strategic director being held accountable for the project's success.

40. The strategic director will ensure any major implications are escalated to the project board and/or cabinets for resolution as required. The project timescales are set out below.

41. The councils' Equalities Officer has assisted the strategic director by undertaking an equalities impact assessment on the potential changes arising from outsourcing more corporate services (appendix B to this report). This has not indicated the need for any mitigating actions however this will be kept under review.

Project timescales

42. The main project milestones are summarised below:

Jan – June 2014 :	market research and identification of potential council partners
July :	staff briefing
July – Aug:	pros and cons appraisal of market-testing inhouse services
October :	cabinets to endorse approach
Oct – Dec :	services write detailed specifications consultant engages market consultant and procurement officers formulate procurement options
December :	cabinets to finalise services to be market tested and approve procurement approach (this report)
Jan 2015:	services finalise specifications approve procurement strategy
Jan – Nov 2015 :	procurement exercise inhouse services prepare for market testing and comparison
March:	approve memorandum of understanding
Nov – Dec 2015 :	tender evaluation and comparison with inhouse services
Jan – Mar 2016 :	cabinets to award contract and decide which, if any, inhouse services to outsource in the contract
Mar – July 2016 :	prepare transition to new contract at South-Vale including any staff transfers
August 2016 :	South and Vale new contract commences
Early 2017 :	prepare transition to new contract at other councils including any staff transfers

Mid 2017 : other councils new contract commences

Conclusion

43. The re-tendering of the financial services contract is the single largest opportunity in the next five years to achieve a major step-change in council value for money. By market-testing a broader range of corporate services alongside the re-tendering of financial services, in partnership with other councils, we expect to secure substantial efficiency savings, improve resilience and secure ongoing service quality.
44. What we are setting out to achieve as described in this report is ambitious and pushes the boundaries of outsourcing, both in terms of the range of services covered and the number of partners involved. But the potential rewards are substantial, both financial and reputational. Both councils have always been at the forefront of innovation in service delivery and have seen how effective outsourcing can deliver financial and service quality benefits. This is the opportunity to move to the next level.
45. If the cabinets agree the list of services as set out in the recommendations officers can prepare the detailed procurement strategy and memorandum of understanding, to be agreed with partner councils, in order to conduct the formal procurement during 2015 as set out in the above timetable.

Background Papers

None

Equality Act 2010 and human rights check

SERVICE NAME: CORPORATE STRATEGY

- Is this review:
- covering a function/service for **South only**
 - covering a function/service for **Vale only**
 - Yes covering a function/service across **both councils**

Briefly outline the changes you are proposing:

With less grant funding, council tax capping and New Homes Bonus money possibly disappearing, we need to be as innovative and resilient as we've ever been to keep us ahead of the curve and continue to find substantial savings without having to cut services or make redundancies. We want to be proactive & positive now rather than reactive and cutting later.

What we are looking to do

With the end of Capita contract in sight we want to use this as an opportunity to test the market for alternative service delivery that offers better value for money than our traditional in-house delivery. We would also be looking to:

- add other services to financial services
- add other councils to drive up volumes and get greater economies of scale work with the other councils to create joint clientside for associated services not being market tested
- there has been no decision to outsource any services other than those already outsourced. But SMB intention to market test a much broader range of transactional services
- if the market responds with better value for money offer than our inhouse service, then SMB is likely to recommend outsourcing those services too
- single contractor for the services/councils. But each service will be 'a lot' individual councils can choose to outsource or not, depending upon their respective value for money assessments and political appetite
- a bid for TCA funding (Transformation Challenge Award - the grant pots which DCLG introduced last year, some of which we were awarded for The Big Move) and consultancy support.

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
<p>Will any changes to the service or policy directly or indirectly discriminate against people who are protected by the Act¹ and eliminate harassment?</p>	<p>No</p>	<p>The proposals would not directly or indirectly discriminate against particular groups as this decision is a proportionate means to meet a legitimate aim. The councils need to be innovative and resilient to ensure it can still deliver quality services and balance their budgets and take positive proactive steps now, rather than reactive and cutting later.</p> <p>Staff impact If a service is outsourced some staff may face relocation or redundancy. Staff affected would TUPE transfer to the successful organisation retaining all major terms and conditions (grade, salary, working hours, right to enhanced redundancy, continuous service etc). A few minor terms (such as pay date) may change. It is very likely that the company which wins the contract will be very large national or Multi national service organisation, much larger than South-Vale. Therefore it will offer far greater job opportunities if staff wished to try something new and more promotion prospects to progress their career.</p> <p>If the new employer suggests relocating a job an unreasonable distance from the member of staffs' current workplace, they will be offered the choice of re-locating or redundancy on your council-enhanced redundancy terms.</p> <p>A long and carefully-managed transfer plan, including detailed consultation with staff, would commence after the January-March 2016 outsourcing decision in the months leading up to 1 August 2016 transfer date. Staff would not be forced to move and if chose not to be relocated by a new employer would be made redundant.</p> <p>Negative impact of relocating staff It may not be possible for staff to relocate particularly if the new place of work is outside of South Oxfordshire or the Vale of White Horse at one of the other council offices in (Hart</p>

¹ Protected characteristics 'age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation' marriage and civil partnership applies to discrimination but not to advancing equality of opportunity

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
		<p>District Council & Havant Borough Council in Hampshire and Mendip District Council in Somerset). Staff with child care or caring commitments, without access to their own vehicle or who have children at school will be affected the most. Their partners work may also impact upon where the member of staff could relocate to, particularly if their partner is the main income earner.</p> <p>Child care or caring responsibilities if based in a new location</p> <ul style="list-style-type: none"> • Staff with children at school may not want to move if the decision was taken to locate the services at Havant DC in Hampshire or Mendip DC in Somerset – due to the impact it would have on their children’s education and family support networks etc (Hart DC may be commutable for some, but the impact identified below on child care arrangements or access to transport would still apply) • Staff with children who’s partner is the main income earner may not feel it possible to move due to cost implications/financial viability • Due to increase in distance to travel the parent/carer may need to consider changing their child care arrangements. This can take time and is really important for the person to be happy / confident with their provider, particularly given that some staff may have already had to do this when moving to Crowmarsh recently. • There may also be cost implications of changing their child care arrangements that could impact on their decision to remain working at the council. • Staff may need to negotiate hours or days that they work in order to meet any new child care arrangements, stay with their current provider or to continue providing care for a relative/partner – due to distance they will need to travel. <p>Staff without access to a vehicle/rely on public transport</p> <ul style="list-style-type: none"> • Staff may need to negotiate hours or days that they work in order to use public transport – due to distance they will need to travel. • Cost of longer journey may also impact on their decision to remain working at the council if they are relocated. • Alternatively, staff may need to purchase another vehicle if they currently do not need a vehicle to get to work.

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
		<p>Other SMB and other senior managers whose roles disappear in a smaller structure will be at risk of redundancy, without any option to transfer. There does not appear to be any particular equality impact on staffing groups (i.e. all women/part time, however majority of middle managers are women). It will be important to ensure that the roles that disappear do not mean a drop in service that then impact on vulnerable customers.</p> <p>Customers Frontline services which require face to face interaction with residents will locate some staff locally. Services that require a physical presence for internal customers will similarly locate staff locally. The following services will be market tested:</p> <ul style="list-style-type: none"> • Revenues and benefits • Customer services • Car park administration • Facilities mgt • Engineering/drainage • IT security, applications support, infrastructure support, helpdesk • Data capture • Street naming and numbering • Land charges • Licensing • Debt recovery legal activity • HR • Accountancy • Internal audit • Procurement • Property services
Have reasonable		Outsourcing any service areas should not impact on the disabled person's ability to access

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Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
<p>adjustments been made for people with disabilities to ensure they can use the service? This might mean treating disabled people better than non-disabled people in order to meet their needs</p>		<p>the service. Services that require face to face interaction will continue to be delivered locally. Services delivered from another location via telephone, letter and online will need to ensure they comply with the councils translation and interpretation policy, e.g. staff know how to use typetalk and letters continue to promote this, letters available in alternative formats if requested, websites to meet AA accessibility standards.</p> <p>We will assess whether any physical changes are required to the buildings for customers and staff locally as the new structures emerge, though it is not anticipated.</p>
<p>Will the service changes advance equality of opportunity between people who share a protected characteristic? This means will they</p> <ul style="list-style-type: none"> • Remove or minimise disadvantages suffered by people due to their protected characteristics. • Take steps to meet the needs of people from protected groups where these are different from the needs of other people. 		<p>The equalities officer has made recommendations in the draft service specifications to ensure that the relevant equality elements are included in the specifications. This will help to ensure compliance with the public sector equality duties of the Equality Act 2010.</p> <p>Staff impact – mitigating action</p> <p>Any staff affected by potential transfers to the contractor or to other partner councils will be fully consulted in advance on the likely personal implications to them including relocation. Corporate Management Team is putting an extensive service development and staff support programme into place over the period of corporate service market testing. This programme will continue throughout 2015/16. Although the programme isn't yet finalised it's expected to include:</p> <ul style="list-style-type: none"> • The High Performing Teams programme to be refocused on providing support for staff during the period of challenge and change. • Corporate Services Contract and Change Support Programme Alignment : Corporate Management Team will oversee these programmes and ensure they are joined up and that all staff in their services are kept up to date and have opportunities to share ideas and concerns • We will offer a package of coaching and development opportunities for staff teams, including, programme management, assessing competitiveness, and analysing business processes and costs, plus a range of support projects. • We will launch the change support programme in late November, once we complete the tender process to appoint the consultants who will take this forward over

Equality Act duty	Yes/No	Impact or notes to demonstrate compliance
		2015/16. Customer impact – mitigating action <ul style="list-style-type: none"> • To ensure customers whose first language is not English have equal access to services, the outsourcing company will need access to telephone interpreting and face to face translation services. • Any changes relating to the delivery method or reducing the level of a service, whether in-house or by the potential outsourced company would require input from the equalities officer to ensure it did not impact on customer access, e.g. online and telephone only would not meet our legal duties.
Will the service changes help to foster good relations between people who share a protected characteristic and people who do not share it e.g. will the changes help to tackle prejudice and promote understanding between the different groups	No	
Will the service change protect and promote human rights	N/A	

Action plan for mitigating action or advancing equality of opportunity

Action	Person responsible	Target completion date

Once completed:

Date completed: 21/11/2014

Signed *S. Bishop* (Officer and Corporate Management Team representative)

Signed *Creve's* (Cheryl Reeves, Shared equalities officer)

Draft Procurement Strategy : Corporate Services Project

Author:	John Newton
Date:	September 2014
Service / Dept:	Management

Approvals

By signing this document, the signatories below are confirming that they have fully reviewed the Procurement Strategy Document for the Corporate Services Project and confirm their acceptance of the completed document.

Name	Role	Signature	Date	Version

DOCUMENT CONTROL

Version History

Version	Date	Author(s)	Summary of Changes
0_1	09/09/14	JN	First draft
0_2	29/09	JN	Incorporated items from Oxford City PS template
1.0	30/09	JN	Reviewed and approved SB amendments
2.0	18/11	JN	Updated in line with Project Board views 18/11/14

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1. Introduction and Strategic Context

Introduction to the Project

South Oxfordshire District Council, Vale of White Horse District Council, Hart District Council, Havant Borough Council and Mendip District Council (hereafter referred to as “The Councils”) are considering entering into a procurement of a range of support and transactional services. In some cases this represents a re-provisioning of services that are already externalised and for others this is a market test of functions currently performed in house.

The Councils have been engaging for some time with a view to collaborating on the procurement. It is considered that individual re-procurements of services already outsourced would provide only marginal benefits. Approaching the market collectively, with a set of requirements of greater scale and ambition, may well obtain greater benefit for all of the participants.

In addition the procurement of a ‘strategic partnership’ model of contract offers the opportunity to market test a wider range of services that are currently in house, or are outsourced already but due for re-procurement in the near future.

Strategic Context

All UK public sector organisations have been impacted by the adverse economic environment since 2008. Local authorities have been particularly affected by real-terms reductions in funding from Central Government and this has resulted in sustained exercises in cost reduction over the period.

Some councils have approached this through incremental reductions in budgets and staffing and tightening of spend with suppliers. Others have recognised that this is at best a necessary but insufficient response. It is clear that the next government is unlikely to release significantly more resource irrespective of its political make-up. Therefore a strategic and structural response is required.

The councils have already responded to the structural challenge in a range of initiatives:

- (i) South Oxfordshire DC and Vale of White Horse DC (South and Vale) merged their senior management structure as described above, achieving cashable savings and allowing a scale approach to common issues. Havant BC has developed a similar relationship with East Hants DC.
- (ii) externalising a number of services (including those highlighted for re-procurement) to achieve cost savings, resilience and flexibility;
- (iii) sharing services with other councils;
- (iv) rationalising property assets by sharing accommodation with other public sector organisations and contractors;

Most of these initiatives have been in place for a number of years and can be described as ‘road tested’. The councils have extracted substantial savings and in doing so have built up a

capability and confidence in managing strategic relationships with key service providers and partnerships between peer local authorities.

At the same time the Councils have constantly challenged services delivered in-house to demonstrate and improve their value for money positions.

For example the External Auditor to both South and Vale councils noted that each continued to "...challenge how it delivers services to look for further efficiency savings" and acknowledging that "There have been no cuts to key services".

However it is reasonable to assume that 'austerity' – in terms of pressure on centrally provided funding - is not over, irrespective of the outcome of the next general election.

The Councils recognise that, in order to safeguard the provision of frontline services, they must be relentless in their pursuit of efficiencies in corporate and transactional support functions. Typically in the sector, these have been found through a combination of process standardisation and simplification.

However as these opportunities are exhausted more structural transformation approaches must be considered. These include:

- the adoption of scale solutions to the delivery of transactional services;
- demand management initiatives;
- technology-led opportunities arising from the cloud, mobile devices and application rationalisation.
- Better commissioning of service from the councils supply chains

At the same time district councils in particular need to retain the flexibility to be in a position to capitalise on opportunities for growth, in order to supplement/replace central funding streams with new and enhanced income from the local economy.

Therefore it is likely that the councils will need to reconfigure themselves over the coming decade and therefore re-procuring a series of relatively inflexible contracts for service provision will no longer be appropriate.

2. Rationale

South and Vale currently procure a range of services from an outsourced relationship with Capita. These include:

- Revenues and Benefits
- Exchequer Services
- Payroll

Hart has a number of services in an outsourced contract with Capita.

- Customer Services
- Information Technology
- Human Resources

- Financial Services
- Payroll
- Print Services

Havant has a contract for Revenues and Benefits and Customer Services

Mendip currently outsources Revenues and Benefits, IT, Financial Services and Customer Services

South and Vale's contract is due to expire in August 2016, with the others reaching expiry within the following 2 years.

Each council is currently minded to continue with these as externalised services. This intention, with the close alignment of the contract expiry dates, presents an opportunity to aggregate the re-procurement exercises.

Typically a procurement of this complexity, with appropriate contingency for the transition of services, will take approximately 18 months to activate the new operations. South and Vale will thus have to start their re-procurement exercise in early 2015 whether alone or in partnership. Thus it is now appropriate for each of the Councils to determine whether this collaborative approach should be adopted.

3. Scope

The potential scope of services considered for inclusion in the procurement included:

<p>Revenues: Council tax Business rates</p>	<p>Benefits CTRS Housing benefits Counter fraud Benefit checks</p>
<p>Exchequer Accounts payable (creditors) Accounts receivable (debtors)</p>	<p>Payroll Data input Running the payroll (payments)</p>
<p>Accountancy s.151 duties Management accounting (regular budget monitoring and routine budget/ledger advice) Financial accounting (closedown & producing annual accounts) Provision of the financial management system (general ledger, accounts payable, accounts receivable, budgeting) Treasury management (investing and borrowing)</p>	<p>IT IT strategy IT infrastructure support (maintain desktop PCs, network & other hardware) Applications support (maintain purchased applications and software) Helpdesk & customer interface IT security Applications design (develop and maintain in-house bespoke applications) Data capture and GIS Street Naming and Numbering</p>
<p>Internal Audit System audits (regular checks of internal controls) Counter fraud work (regular checks of high fraud risk areas) Investigation of suspected fraud and irregularity (reactive)</p>	<p>HR Strategic HR (workforce planning) Employee relations (collective bargaining, reacting to performance issues, investigations, terminations) Policies General advice on recruitment, training, restructuring, policies (to managers and staff)</p>
<p>Legal and democratic services Elections & support to returning officer Democratic services General and taxi licensing CCTV Community Safety (excl cctv) Strategic legal advice Legal services (excluding strategic legal advice) Debt recovery legal actions incl court work Land charges</p>	<p>Property and Facilities management Property services (advise on and maintain other council property) Building services (maintain council office buildings) Cleaning Postal Service Design & Print Mobile home parks management Canteen</p>
<p>Procurement Procurement strategy Advice and support</p>	<p>Engineering Engineering incl flood alleviation and drainage Cleaning public conveniences</p>

<p>Car parks</p> <p>Car park management (maintenance, income collection)</p> <p>Car park operations (patrolling and excess charge notices)</p>	<p>Routine and administrative operations</p> <p>Customer services - reception/other remote council access points</p> <p>Customer services - switchboard/contact centre</p> <p style="background-color: #cccccc;">Insurance Administration</p>
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The list above is an amalgamation of all services suggested by the councils for consideration within the scoping exercise. The councils acknowledged that it was likely that some components within certain services would need to be retained (for legislative or operational reasons) irrespective of any choice made. However to retain the maximum discretion (and also to provide a similar level of accountability for services ultimately deemed not in scope of any procurement) specifications were commissioned for the full set of services. Those services excluded from scope for South and Vale are 'greyed out' in the table above.

4. Market Analysis

The local authority business process outsourcing (BPO) market has matured over the past twenty years. The supplier market comprises a range of providers of different scale and specialisation arguably capable of delivering any service commissioned by a local authority.

These suppliers include:

- BPO firms that are able to take on most services and generate value through focusing on (for example) the management of common processes, performance, technology platform and opportunities to integrate with existing similar operations;
- BPO firms that prefer to concentrate on a more limited set of areas – for example around corporate and transactional services, or property/technical;
- Specialist providers who are likely to have a specific focus on individual services, or a small core of related activity – e.g. ICT/Customer, or property/asset management.
- Single providers who may fill in gaps as consortium partners, or respond to a single service tender opportunity.

They have engaged with local authorities across a range of externalisations from single service outsourcings, through to multiple service packages and partnerships based on an initial scope with an ability to add other services and projects incrementally.

Typically a single service outsourcing will have a contract period from 3-7 years, whilst more complex strategic partnering deals are generally between 10-15 years in length. These generally require substantial service transformation and/or updates to technology and so tend to require a longer period of operation in order that the partner may recover its up-front investment.

The value of outsourcings has tended to increase over time with some of the larger corporate services partnerships (e.g. Barnet, South Tyneside, Glasgow) covering annual expenditure of between £20m and £50m.

With the increase in scale comes an increase in bid costs and suppliers are increasingly careful in qualifying whether to bid or not for opportunities. This takes into account factors such as size of opportunity, their likely competitive position and the perceived risks associated with the deal, or the client. A key factor for potential bidders is the degree of confidence that they have that the procurement will reach a successful conclusion. Not unreasonably, bidders may consider a multi-client project as containing more risk than a single party deal of similar size.

At the time of writing there are a number of procurements already in progress, or about to come to the market. It is therefore important to understand what will attract the market and enable them to present compelling offers to the councils.

To obtain this information the councils advertised the potential procurement via a PIN notice, and issued a short brief and a questionnaire to firms expressing an interest in response to the PIN. The councils also held a briefing session at South Oxfordshire's offices to set out their thinking to date and invite initial observations from suppliers.

The questions asked by the Councils comprised:

- 1 *Given the potential scope of services and client organisations which (packaging) model would provide the best likelihood of meeting the objectives of the CSP project and why?*
- 2 *What would the Councils need to do to make the preferred option work most effectively?*
- 3 *Which, if any, services would suppliers consider to be not appropriate to outsource? What aspects of the services potentially in scope do you consider to be more appropriate to be retained by the client(s)*
- 4 *How would you recommend packaging the services within the preferred model identified in question 1 above?*
- 5 *On the basis of the financial information provided above and assuming a general maintenance of current service quality, broadly what percentage savings against current budgets should the Councils be targeting if they:*
 - (i) *procured separately?*
 - (ii) *procured jointly?*
- 6 *On the basis of the performance information provided above, what key opportunities for service improvement can be targeted without material adverse impact on operating costs?*
- 7 *What level of additional benefits might the Councils achieve from collaboration over and above a single procurement/re-procurement?*
- 8 *What level of consistency in commercial and operational requirements is necessary to secure these benefits?*
- 9 *How would suppliers retain an individual relationship with client Councils and their stakeholders within such a solution?*
- 10 *What effective clienting structures would suppliers wish to see developed in a partnership involving these Councils and why?*
- 11 *Based on their initial understanding of the scope and wider understanding of the current market, which model(s) would suppliers be interested in using for a partnership? Are there any potential variants or aspects that suppliers would consider to be less attractive?*
- 12 *The Councils current contracts are generally of the order of [X+X+X years] in term. Given the location, current service configuration and benefits requirement of the*

- Councils, and the level of transformation that this implies, what initial contract length do you envisage as optimal?*
- 13 *What information would suppliers require in any 'virtual data room' created for the purposes of this procurement?*
- 14 *What support would suppliers require from the Councils in undertaking due diligence?*
- 15 *How can the Councils help suppliers obtain maximum value from a competitive dialogue process?*

The individual responses to these questions have informed the procurement options assessment set out below

5. Targeted Benefits

The general aspirations shared with the market were:

- Deliver at least the current standard of service at a reduced cost to the councils
- Support the delivery of and improvement in key Council outcomes
- Provide enabling capability to support future transformation within the Councils; and
- Bring flexibility in provision to match the needs of the Councils as they change over time

After consulting the market it is considered that the councils should seek a minimum of 10% saving on those services being retendered.

The councils will also seek additional savings based around integration of operational processes, technology platforms and interfaces for these and any services outsourced for the first time during this procurement

The councils will achieve a harmonisation of service standards based on a 'best of breed' principle – i.e. in general uplifting performance of each council's operations to the one currently delivering best value for money.

The councils will seek a flexible operational model for support functions that can match the trends in demand over the period of the contract. They will agree a pricing model with their chosen supplier that reflects this.

The councils will collaborate to provide a more strategic and effective client function

The councils will obtain commitment from their supplier(s) to deliver operational transformation and enable better management of their wider services and supply chains

Measurable outputs and outcomes for each of these objectives will be included in a set of specifications (currently being prepared)

6. Procurement Options Assessment

At this point the councils have to make the following decisions:

Scope Options – which of the services identified as candidates for outsourcing should be included

Packaging Options – how should the services that are deemed to be in scope be grouped?

Choices may include:

- Single vendor/consortium
- Multiple packages/Lots
- Master vendor/managing agent approach

Collaboration and Contracting Options – to consider:

- Outsourcing contract vs joint venture arrangement
- Joint vs separate contracts
- Contract length
- Joint/single client vs separate clients
-

These choices have been informed through consultation with the Project Board, together with the leaders and chief executives of the five councils. Supplier feedback has been taken into account as has the experience of the councils' appointed project manager.

Scope

If the procurement proceeded at the maximum potential scope as set out in Section 3 - and including all five councils - it is estimated that the value of services being market tested would be of the order of £20m per annum.

Factors to consider in assessing whether services should be included in or out of scope include:

- Ability to generate service/financial benefits;
- Ability to contribute to strategic ambition for the partnership
- Geographic/scale opportunity
- Market Appetite
- Tactical Intent (e.g. acknowledging the re-tender requirement for existing contract)
- Viability of retained components (this to sweep up services that would otherwise be stranded)

Market responses generally did not name any definite "no"s . It is acknowledged that not all individual components of the specifications being drafted currently would be suitable (e.g. elements that would need to be retained for strategic or legislative reasons).

Work to refine this will be part of later iterations of the specification drafting. Only one organisation commented on the issue of scale but it may be presumed that there would be a

de minimis limit to the attractiveness of smaller services were suppliers to be given the individual choice.

Improvement activity at the individual service level was identified within a number of common themes – generally around standardisation of process, rationalisation/consolidation of platforms etc. In responding to questions on the benefits of multi-council collaboration, these extended to economies of scale, resilience etc.

There is an extensive track record in outsourcing most if not all of these services individually or as part of a package. Clearly the ability of certain services to generate synergies as part of an overall package will be more limited than others.

Using the criteria above, it is considered that the services that offer limited potential against these factors are:

- Legal and Democratic services (acknowledging the non-transactional elements could be outsourced as part of a package, there is little market appetite or track record for taking on the professional service components within a general corporate services scope)
- Canteen (for reasons of scale, geography and lack of synergy with the other potentially in-scope services)

Individual councils will determine which services from the list they wish to include in the combined scope as part of their individual approval processes.

Packaging Options

The services may be 'packaged' in a number of ways. A single contract allows economies of scale to be achieved in both contract operation and management. However certain of the functions may be regarded as non-core by the supplier and fail to achieve their potential. Performance management tools may be diluted due to an overly large number of key performance indicators. Critically, the market of suppliers capable of delivering this breadth of services may be limited.

On the other hand procuring on a service by service basis could result in the appointment of several 'best of breed' suppliers, providing focus to each service, but potentially lacking in ability to secure the savings that come from integrating and aggregating services across the councils. Future transformation may require the close management of a number of suppliers. Larger suppliers may view the opportunity for them as limited and the effort required by the Councils to procure and then manage the many individual relationships would be substantially higher than currently resourced.

Grouping the services into functional packages such as Corporate (e.g. ICT, Revs & Bens, Finance/HR, Customer...), Regulatory (e.g. Legal and Democratic services) and/or Technical (Property/FM, Car Parks, Canteen...) may be more attractive to certain suppliers in the market and this could offer a compromise between scale and specialism.

It will involve more than one procurement, and there will be multiple contracts to manage.

A fourth potential option blends the flexibility of multiple supplier solutions with the integration capability of a single partnership. This managing agent approach is increasingly common in central government contracts and is starting to be adopted in local government particularly for ICT. In this model a prime supplier is responsible for ensuring outcomes are delivered by a

supply chain of providers (including itself), but the Councils retain the ability to re-procure or remove individual components that are underperforming or no longer fit with their requirements.

This model also opens up the opportunity for services to be delivered by third sector or 'spun-out' entities, with them being subject to the same accountability as those 'outsourced' to the private sector. It may ultimately provide more flexibility to the individual Councils, and would allow them to hold suppliers to the delivery of overall outcomes as well as individual service outputs.

It would however be a more complicated model to introduce. Care would need to be taken to ensure the benefits outweigh any additional overhead incurred by the managing agent (which of course would be passed on as part of its own service charges).

Relevant criteria for appraising these options are:

- Cost/complexity of procurement;
- Ability to attract good competition;
- Cost/complexity of contract management
- Synergies/Economies of Scale vs Best of Breed achievement

A number of suppliers suggested the creation of Lots based around functional groupings.

Typically these were combinations/variations of:

- citizen-based functions (e.g. customer services, revs & bens)
- corporate support (IT, transactional finance, HR, procurement, exchequer, payroll)
- technical/asset/location based services (property, FM, engineering, car parks management)
- professional services (e.g. legal advice)

A number of respondents supported the incorporation of a managing agent approach. None were hostile to the concept.

Given the potential scope of services option that best addresses these criteria is likely to be a package of more than one Lot. Subject to the choice of services to take forward being finalised by each council it is recommended that the procurement strategy is developed around :

1. A Lot containing citizen-based and corporate services (CCS)
2. A Lot containing technical, asset and location based services (TAL)
3. Authority to explore the potential of a Managing Agent during the procurement(s), with a business case to be prepared by shortlisted bidders as part of their outline solution development

Collaboration in Contracting and Client Management

The participation of more than one client organisation in the procurement brings a number of permutations in respect of

- (a) the contract (including specification as well as commercial terms); and
- (b) the client management arrangements

Contracting:

The Councils may choose to procure:

- Varying commercial terms and service specifications;

- Identical terms but varying specifications;
- Varying terms but identical specifications; or
- Identical terms and specifications

All consultees agree that there is benefit in adopting a consistent set of requirements. This is supported by the senior leadership of the five councils. There may be some areas where local variance is required but overall the councils will aim to achieve a single operational solution and common terms and conditions.

Client Management:

Assuming there is some degree of consistency then it will be beneficial to combine the respective client functions in place currently to achieve:

- Greater strategic balance between client and supplier;
- Resilience;
- Common approach to change management;
- Greater opportunity to develop/retain access to specialist commissioning and contract management skills;
- Economies of scale.

It should be noted that combining client roles does not require a combined payment regime or joint liability – each client would be responsible for delivering its own obligations. Neither does it mean that all the power needs to be ceded to the authority in which the line management accountability of the client function sits. In fact a single clienting entity could be based across all the organisations with subject matter expertise and local knowledge backed up by the resilience and strategic capability of the joint approach.

The councils will develop their client-side approach throughout the procurement to include:

- A single suite of service requirements and standards
- A single set of procurement documentation
- A consistent (single or 5 x the same) suite of contract documents
- A joint client approach and project governance that will manage all 5 relationships

7. Governance Model

The proposed project governance structure contains:

A Project Board; This will include members and chief officers of each Council (or their representatives with appropriate delegated authority). The Project Board will:

- Define the procurement objectives
- Approve the progression through key stages of the project (e.g. advertise opportunity, prequalification/supplier downselection, final tender evaluation, business case, transition phase completion);
- Resolve conflicts (and highlight synergies) between the CSP project and other initiatives/projects involving the Councils individually or collectively (e.g. workforce development projects, Universal Credit etc.);

- Ultimate point of escalation for inter-Council project issues (e.g. consensus on requirements, standards etc.)
- Implement project assurance procedures as required;
- Take on Senior User/Senior Supplier roles as appropriate to ensure that the solution being procured and then implemented is fit for purpose
- Delegate appropriate authority to the Project Steering Group and Project Manager and retain the ability to replace/remove both

A Project Steering Group; This will include representatives drawn from strategic management tiers within the Councils. The group will have a tactical remit to:

- Approve project resourcing arrangements;
- Approve project documentation (OJEU advert/pre-qualification and tendering materials)
- First point of escalation for any inter-Council project consensus issues
- Develop client side management structure and develop/recruit appropriate staff;
- Prepare individual business cases, Council reports and secure necessary approvals;
- Develop a joint communications strategy;
- Allocate responsibility for managing risks and issues

A Project Manager and Core Team

The Project Manager will be accountable to the Project Board for delivering their procurement objectives. The Project Manager will prepare and maintain the project plan, the risk and issues register, manage the preparation of all relevant project materials and co-ordinate the work of the Core Team.

The Core Team will support the work of the project manager bringing subject matter expertise in the key disciplines required for the procurement (HR, Legal, Financial and Procurement). Service expertise on the delivery side, together with the customer view, will be provided by Service Head or equivalent representatives from the Councils. Access to a wider pool of specific expertise across individual services will be made available by the Project Steering Group. The team will prepare the relevant project materials under the supervision of the Project Manager, provide input into dialogue and engagement with bidders, evaluate bidder submissions and generally deliver the activities set out in the project plan.

Legal Advisors

South and Vale are in the process of procuring external legal support on behalf of the project. Their work will be managed by South and Vale Legal, who will commission them to provide advice and support the inputs of in-house resource as appropriate into the Project Team, Steering Group and Board.

The Project Steering Group will nominate a Senior Responsible Officer to provide a single point of instruction to the Project Manager from the Board and Steering Group. To date this role has been delivered by Steve Bishop of South and Vale.

This also provides a straightforward route in reverse for escalating issues. So a failure to reach consensus amongst the subject matter experts around a set of service requirements would be identified by the project manager, raised as an issue and resolved (in the first instance) by the Steering Group. If this is not possible then it is resolved by the Board.

Project Resourcing

The main area of direct expenditure relating to the project is in relation to the appointment of external legal and project management support. It is recommended that a small provision be made for incidental expenses (e.g. site visit activity, recruitment/training of new client function staff etc.)

Internal resource will be required to support:

- Completion of specifications
- Preparation of tender documentation
- Preparation of due diligence material (including performance measurement) and support due diligence processes undertaken by bidders (including on-site activity)
- Deliver staff consultation activity
- Evaluation of bid submissions

The councils will need to determine the bases on which these costs are shared.

The direct expenditure relating to this procurement should be split equally between the Councils.

Internal resources should be resourced with regard to the capacity available within each Council. It is acknowledged that these will differ. However all Councils will need to commit to support activity that is undertaken on-site – for example location based supplier due diligence – as required. Capacity issues will be resolved by the Project Steering Group

Ongoing Project Governance

Potential bidders will be looking for evidence that the Councils are bound into the collaboration. This is equally true of the procurement and post-contract signature phases. It is recognised that there may be valid reasons for a client side partner ultimately deciding that they wish to pursue a different strategy, but that this should not be done on a whim. It is also pertinent to consider how, in any such exit, the other parties (including the supplier) can be made 'whole'.

The following principles are suggested as a condition of participation:

- (i) Councils are free to withdraw from the collaboration without penalty prior to the procurement commencing;
- (ii) A condition of participation in the procurement is that Councils sign up to a memorandum of understanding detailing this governance process and acknowledging the cost share basis set out above

(iii) That the memorandum provides for the staged prepayment of cost share contributions either as a single lump sum or in line with key project milestones (e.g. OJEU advert, prequalification of bidders, call for final tenders, business case/contract award) with any contributions forfeit in the event of withdrawal prior to contract signature;

(iv) That an inter authority agreement be prepared including a provision that, following contract signature, any Council withdrawing from the collaboration pays a compensation to the other Councils in respect of any unit cost increases suffered in respect of the ongoing services as a result of the withdrawal, thus putting the residual partners (and the supplier) in a no better no worse position than they would have been had the withdrawal not taken place.

These principles will be negotiated by the Project Steering Group and enshrined in an appropriate agreement to be drafted with support from the appointed legal advisors.

8. Risk Management (*tbc following procurement options assessment*)

This will cover:

- *A summary of key risks identified against the recommended option*
- *A list of all possible events which may cause the project to fail or hinder the success of outcomes, including the 'cons' identified by staff as part of the consultation on scope*
- *Mitigating actions that would be required*

This will be set out in a project risk register containing the description of the risk, impact, likelihood and mitigating action(s) under relevant categories e.g.

- *Management of Operational Risk*
- *Management of Financial Risk*
- *Management of Governance Risk (specifically between the partner councils)*
- *Management of Legislative and Environmental Risk (inc: e.g Social Value Act, new procurement regs, Universal Credit, Community Right to Challenge etc.)*

This section will also consider the necessary consultations and impact assessments for the procurement prior to commencement

8. Financial Appraisal (Finance Lead *tbc following confirmation of scope*))

This section will contain:

- *The baseline cost and affordability position*
- *Likely investment requirements*
- *Information on how the procurement will be funded, contributions from other participating Councils*

- *Information on revenue costs as a result of the project being completed*
- *Information on any identified revenue savings, in which year(s)*

9. Project Approach (to be completed following confirmation of preferred procurement route and project governance options)

- *Timescales*
- *A summary of the project plan including key dates and milestones*
- *Incorporate “management case” components of green book here*
- *Project Management during Procurement Phase*
- *Gateway Review Processes and Outcomes*
- *Transition Management*
- *Change Management*
- *Benefits Realisation*
- *Risk Management*
- *Contract Management*
- *Post Project Evaluation*
- *Medium Term Review*

10. Dependencies

This section will contain a list of any other projects that the success of this project relies upon, or vice versa e.g.

- *Staff development programmes*
- *Other internal transformation activity*

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Scrutiny Work Programme



Listening Learning Leading

containing scrutiny work to be undertaken December 2014 – December 2015

The scrutiny work programme belongs to the council's Scrutiny Committee and sets out a schedule of scrutiny work due to be carried out over during period shown above. It is a rolling plan, subject to change at each Scrutiny Committee meeting; however, the scrutiny work programme and changes to it are subject to the council's approval.

Representations can be made on any of the following issues before an item is considered by the Scrutiny Committee. The meeting dates are shown below beside the items to be considered.

How do I make contact?

Each entry in the work programme indicates the names of all the relevant people to contact about that particular item.

The telephone numbers for the relevant officers are listed in the individual entries. The contact details for the Cabinet members are available on the Council's website or by telephoning the Council offices on 01491 823000.

How do I get copies of agenda papers and other relevant documents?

The agenda papers for committee meetings and other relevant documents are available five working days before the meeting on the Council's website www.southoxon.gov.uk. Alternatively you can contact Susan Harbour, Democratic Services Team Leader, Legal and Democratic Services, South Oxfordshire District Council, Council Offices, Crowmarsh Gifford, Wallingford, Oxon, OX10 8HQ, email susan.harbour@southandvale.gov.uk. On occasions, the papers you request may contain exempt or confidential information. If this is the case, we will explain why it is not possible to make copies available.

How to make representations to the committee

Members of the public wishing to address a meeting on an issue on the agenda should notify the Head of Legal and Democratic Services by noon on the day before the meeting. Please contact Susan Harbour.

Scrutiny Work Programme

Item title	Scrutiny Committee meeting date and other decision dates	Lead officer	Cabinet member	Why is it here?	Scope	Notes/ Consultees/Invitees
<p>Burial ground provision in the district - review</p>	<p>Scrutiny Committee 2 Dec 2014</p>	<p>Mr Chris Tyson Tel: 01491 823125 chris.tyson@southandvale.gov.uk</p>		<p>June 2014 To scope a review into burial ground provision in the district and specifically council owned burial grounds. To task relevant officers with the review.</p> <p>November/December 2014 or earlier To consider the findings and make recommendations to Cabinet and/or Council.</p>		<p>Cabinet and relevant council officers. Others as determined by the review group.</p>

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Corporate Services Contract	Scrutiny Committee 2 Dec 2014	Steve Bishop Tel: 01491 823831 steve.bishop@south-oxfordshire.gov.uk	John Cotton	Report explaining the market's appetite for this contract, which helps to shape the specific recommendations binding the council to the specific a procurement strategy, the partners involved in any joint procurement and the actual services which will be exposed to market testing (and therefore exposed to potential outsourcing)		

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Elections	Scrutiny Committee 2 Dec 2014	Steven Corrigan Tel: 01491 823619 steven.corrigan@southandvale.gov.uk	Lynn Lloyd, Cabinet member for IT, HR, legal and democratic services	To receive an update on the planning for the 2015 elections and an update on the implementation of the scrutiny committee's recommendations on the review of the 2011 local elections		
Local Plan progress report: issues and options	Scrutiny Committee 2 Dec 2014	Adrian Duffield Tel: 01491 823729 adrian.duffield@southandvale.gov.uk	Angie Paterson, Deputy Leader, planning policy and customer services			
Budget	Scrutiny Committee 17 Feb 2015	William Jacobs Tel: 01491 823326 william.jacobs@southandvale.gov.uk	John Cotton			
Homelessness Strategy	Scrutiny Committee 17 Feb 2015	Philip Ealey phil.ealey@southandvale.gov.uk	Anna Badcock, Cabinet member for housing			

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Community Safety Partnership annual report	Scrutiny Committee 17 Feb 2015	Mrs Liz Hayden Tel: 01491 823705 liz.hayden@southandvale.gov.uk	Judith Nimmo-Smith			
Community Infrastructure Levy	Scrutiny Committee 17 Feb 2015	Heike Wetzstein heike.wetzstein@southandvale.gov.uk	Angie Paterson, Deputy Leader, planning policy and customer services			
Performance review of Biffa to 31 December 2014	Scrutiny Committee 1 Jul 2015 David Dodds, Cabinet member for waste and Thame Not before 1 Jul 2015	Ian Matten Tel: 01235 540373 ian.matten@southandvale.gov.uk	David Dodds David Dodds, Cabinet member for waste and Thame	Performance review of the council's contractor in delivering the waste services contract.	Officer's report to committee.	Representatives of Biffa will be invited to attend.
Performance review of Sodexo to 31 December 2014	Scrutiny Committee 1 Jul 2015	Mr Ian Matten Tel: 01235 540373 ian.matten@southandvale.gov.uk	David Dodds, Cabinet member for waste and Thame	Performance review of council's grounds maintenance contractor.	Officer's report to meeting.	The contractor's representative will attend.

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Review of the leisure strategy	Scrutiny Committee 1 Jul 2015	Kate Arnold Tel: 01491 823091 kate.arnold@southandvale.gov.uk	Bill Service	To review the leisure strategy to include participation and involvement		
Financial outturn to March 2014	Scrutiny Committee 1 Jul 2015	Simon Hewings Tel: 01491 823583 simon.hewings@southandvale.gov.uk	Will Hall	To report the final year end position for revenue and capital expenditure against budget for the financial year 2013/14.		
Performance Review of GLL (leisure contract) 2013/14	Scrutiny Committee 1 Sep 2015	Kate Arnold Tel: 01491 823091 kate.arnold@southandvale.gov.uk	Bill Service, Cabinet member leisure	Annual performance review of the GLL leisure contract	To recommend a final assessment of performance to the Cabinet member	Invitees: GLL Leisure
Performance review of Capita 2014/15	Scrutiny Committee 1 Sep 2015	Paul Howden Tel: 01491 823830 paul.howden@southandvale.gov.uk	Will Hall	Review of the performance of the council's provider of financial and customer services.	Officer's report to the meeting.	Representatives of Capita will attend.

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Performance Review of GLL (leisure contract) 2013/14	Scrutiny Committee 1 Sep 2015	Kate Arnold Tel: 01491 823091 kate.arnold@southandvale.gov.uk	Bill Service	Annual performance review of the GLL leisure contract	To recommend a final assessment of performance to the Cabinet member	Invitees: GLL Leisure

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