

THE WAY AHEAD FOR COUNCIL SERVICES: TASK GROUP

9 FEBRUARY 2012

Present: Councillor M Watkin (Chair)
Councillor S Rackett (Vice-Chair)
Councillors N Bell (minute numbers 14 to 17), P Jeffree,
S Johnson, R Martins and K McLeod

Also present: Councillor Keith Crout

Officers: Committee and Scrutiny Support Officer (JK)

13 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Greenslade and Hastrick.

14 DISCLOSURES OF INTERESTS

There were no disclosures of interest.

15 DISCUSSION OF SERVICE DELIVERY METHODS

Introduction

The item 'Experience of other local authorities' was carried over from the meeting on 7 February 2012.

The Chair introduced the item and suggested that both items be taken together. This was agreed by the Task Group.

The Task Group asked for some background information on the Association for Public Sector Excellence (APSE) who had written some of the documents under discussion.

ACTION- Committee and Scrutiny Support Officer

Councillor McLeod recommended that the Task Group think strategically about the topic. The Committee and Scrutiny Support Officer responded that the scope referred to the advantages and disadvantages of different methods of service delivery and the discussions would be related to that point.

Discussion of individual services

Councillor Jeffree referred to Appendix 1 of the Executive Director- Services' report from the meeting of 7 February. He noted that this demonstrated that services at the Council were already delivered in a variety of ways. It was not

possible to make general statements that services should, or should not, be outsourced. Specific functions had to be considered against performance criteria and the delivery methods for each could be scored. It was clear from that where the Council did not have the specific expertise it made sense to outsource.

The Vice Chair said he was interested to hear Members' views of the documents. He agreed with Councillor Jeffree that the approach needed to be 'horses for courses'; one size did not fit all. He noted that planning was a technical service but in general local authorities delivered it well in-house. He referred to the progress of the Council's own planning department which had improved its performance exponentially over the last ten years.

The Chair highlighted the example of Environmental Services; the documents showed that there was not a lot of competition to deliver this service as it was an expensive market to enter. He noted that in the example there had been a lack of flexibility and commitment to recycling.

Councillor Bell noted that the Portfolio Holder for Finance and Shared Services had been present at the last meeting to discuss the political impact of shared services. Budget Panel had looked at the cost of the planning service compared to other councils in 2010/11.

The Chair added that different service areas had different needs; it was not possible for the Task Group to decide wholly in favour of a particular service delivery method. The Executive Directors had presented the logic behind the decision to outsource and to share services. His view was that it would have to be clear that outsourcing would bring in the required savings and 'tick all the boxes'.

Concerns about outsourcing

The Vice Chair said that Watford was a small council and services could become expensive without economies of scale that other councils and outside companies could have. If a service was put out to competitive tendering it could be cheaper but the risk was that the service provided would be worse.

The Chair agreed but added that the Task Group did need to refer to examples demonstrating the key areas of concern for Members. Financial considerations were only one aspect of the service delivery decision. He asked the Task Group to consider what the concerns were with outsourcing and what the concerns were with more shared services.

Councillor Bell said that the worry was the level of democratic accountability. He referred to the sale of the housing stock to Watford Community Housing Trust. As a ward councillor he felt he had had a faster response to queries when the service was run by the Council itself.

Councillor Crout felt that when problems arose with a contractor's service it was easier for them to be resolved when the contract was coming up for renewal.

Councillor McLeod expressed her concern that the councillors' leverage with services would be diminished if the service were operated by a contractor. It was important that there were clauses in the contract that ensured there would be a response.

Councillor Johnson said that outsourcing had an effect on staff pensions and salaries. He asked whether this was an area of concern for the Task Group to consider.

Criteria for service delivery models

The Chair suggested that the Task Group create a matrix to apply tests to each delivery option for each service.

Councillor Martins suggested the Task Group needed to look at the decision criteria for service delivery and not at each individual service. He asked what the driver was for each service option. There may be different weightings for the decision criteria in each service.

Councillor Jeffree listed some criteria that he felt were important in deciding how services would be delivered:

- Customer service- how the service engaged with residents
- Democratic accountability- how Members engaged with the service
- Cost- however this was less of a consideration for the Task Group
- Flexibility for change- how easy it was to change the terms of the contract
- Flexibility for cross-functional working- how easily would the contractor assist with tasks that were not necessarily part of their remit. This was a flexibility more inherent in in-house services
- Performance- the contractor's perception of their performance compared to what the Council expected

Councillor Martins felt that as well as flexibility and accountability the Council needed to be able to influence the service. The provider would need to be agreeable to this kind of working. He noted the lack of community use of the Colosseum as the prices were prohibitively high. The pricing scheme which did not have concessions for local residents affected business.

Councillor Jeffree informed the Task Group that contracts were primarily financial. The more flexibility in the contract, the higher it was priced. He referred to a point that had been raised at the meeting with the Executive Directors; investigating alternative service delivery options forced the Council to consult widely on residents' views of the service. As a result, the service planning was even better than for in-house services. He suggested that this would be a useful exercise for in-house services.

The Vice Chair highlighted the importance of performance indicators which could uncover where inefficiencies were in a service. The problem could be more with management than with delivery.

Councillor McLeod underlined the importance of scrutiny in the process. She said that it was important that services were benchmarked to measure whether a competitor could achieve the same performance.

The Vice Chair said that the Task Group needed to establish principles before looking at individual departments. He noted that the Task Group had raised the issues of democratic accountability, flexibility and value for money. He clarified that by democratic accountability he had meant that there was the ability for councillors to influence the service. This was especially important for public-facing services which affected residents. The Task Group agreed that this was an important distinction.

The Vice Chair referred to the national framework of performance indicators which had been removed by the current government. It was scrutiny's role to decide which performance indicators should be monitored in each area. All councillors should be invited to this discussion.

The Chair agreed but added that this was a role for the Overview and Scrutiny Committee.

Councillor Jeffree reiterated the importance of performance indicators for assessing the services. He referred to the idea of a matrix to apply different criteria to the services.

The Chair suggested that he and the Committee and Scrutiny Support Officer could put together a draft matrix for the Task Group to comment on.

ACTION- The Chair and Committee and Scrutiny Support Officer

Current contracts

The Vice Chair suggested that in any performance indicators customer satisfaction would need to score very highly. He noted that the contract with SLM was included in the performance management regime. Scrutiny had undertaken a review of the contract and had asked for the cleaning to be improved. This ability to address problems was an important part of the scrutiny process.

The Chair drew a contrast between the Colosseum and the leisure centres where the buildings were owned by the Council and the contractor managed the operations and other services such as street cleansing. If street cleansing were to be outsourced the Council would provide the staff and have less control over the investment in capital assets. The Chair added that it was his concern that a contractor would achieve savings through reducing pension contributions and staff salaries. If this needed to be done, it was his preference to keep the service in-house and for the Council to make the cuts. He would want the savings made by a contractor to be impossible to achieve in-house. If a service were to be outsourced the quality and democratic accountability needed to be maintained.

Councillor Crout said that a clause relating to community use could be included in the original contract. He gave the example of Watford Philharmonic Orchestra which received a Council subsidy to use the Colosseum.

The Vice Chair referred to the contract with SLM. Unusually, the Council received money from the contractor while most other councils would pay for the service to be operated. This was due to the amount of equipment available in the centres which increased business.

The Chair noted that SLM specialised in running leisure centres. This was different to refuse collection where the Council would have considerable expertise and experience in running this service. In addition, the Council knew the local roads which a contractor would not.

Councillor Jeffree reiterated that there was not one solution for all services. SLM and HQ Theatres were delivering well on the whole. Shared Services had also been mostly successful despite problems with ICT. The contracts with SLM and HQ Theatres were for ten years, the Council could not afford to make a mistake with the contracts.

The Task Group discussed SLM's user group meetings and agreed that this did not constitute democratic accountability as it was focused on individual concerns rather than strategic decisions. The user group had existed before the leisure centres were outsourced to SLM.

The Vice Chair suggested that at the next meeting services could be looked at and criteria applied to each one.

Visits to another council

Members discussed which councils they would like to visit as part of the review.

The Vice Chair said that he would be very interested to visit Adur and Worthing to see what could be learnt from their experiences of shared services. Although a radical approach, he felt that there may be lessons that the Council could learn from them.

Councillor Crout highlighted the example of the London Borough of Barnet where there had been strikes. He also asked whether Unison could be contacted to see if there were examples of outsourcing which they considered to be a success. Trade Union endorsement would be encouraging.

The Chair said that he would prefer not to visit Barnet while there were ongoing issues and the situation was polarised.

Councillor Bell referred to the case study on Three Rivers' insourcing of the waste service. He felt this was an interesting example for the Task Group to consider.

The Chair agreed and added that it would be interesting to discuss backbenchers' experience of shared services.

The Task Group suggested contacting Councillor Bedford and Councillor White at Three Rivers.

The Chair asked if Members could send any other suggestions to him and the Committee and Scrutiny Support Officer before Monday.

ACTION- Committee and Scrutiny Support Officer

16 **REVIEW OF PORTFOLIO HOLDER POLICY STATEMENT**

It was agreed that this item would be carried over to the next meeting on 22 February 2012.

17 **REVIEW OF WORK PROGRAMME**

The discussion of the work programme was included in item 14.

18 **DATES OF NEXT MEETINGS**

22 February 2012 7pm
27 February 2012 7pm

Chair

The Meeting started at 7.00 pm
and finished at 8.30 pm