

Overview and Scrutiny Commission

20 February 2018

Agenda item: Shared Services and Outsourced Services in Merton Task Group

Wards: All

Subject:

Lead officer: Ged Curran, Chief Executive

Lead member: Cllr Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: Sophie Ellis, Assistant Director of Business Improvement

Recommendations:

- A. That the Commission comment on progress in the implementation of the agreed recommendations.
 - B. That the Commission comment on the documents in Appendices B and C.
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1 PURPOSE OF REPORT

- 1.1. The purpose of this report is to set out the Executive Response and Action Plan to the Overview and Scrutiny Commission to report on progress against the agreed recommendations of the Shared and Outsourced Services in Merton Task Group.
- 1.2. The draft guiding principles and business case guidance for services considering alternative delivery options are also presented for consideration and comment by the commission as per the Action Plan.

2 BACKGROUND

- 2.1. At their meeting on 14 November 2016 Cabinet considered the final report and accepted the recommendations resulting from the task group review of shared and outsourced services in Merton.
- 2.2. At the Overview and Scrutiny Commission meeting on 7 March 2017 the corresponding executive response and action plan was presented. At the Overview and Scrutiny Commission meeting on 6 July 2017 a progress report was presented, updating the Commission on work undertaken for each of the recommendations

3 EXECUTIVE RESPONSE

- 3.1. The table below provides a further update on each of the actions within the agreed plan.

- 3.2. The Commission are asked to comment on the draft guiding principles as set out in Appendix B (relating to Recommendation 3) and the toolkit as set out in Appendix C (relating to recommendation 4).

Recommendation	Action Agreed	Timeline	Update
<p>Recommendation 1</p> <p>That the Corporate Management Team (CMT) should have a more clearly defined mandate and process to embed challenge on models of service delivery at a senior level within the organisation. This will ensure that there is more specific challenge to service managers as well as internal peer review.</p>	<p>As part of a planned review the TOM process is to be strengthened so that more direct, dedicated support – with facilitated sessions where required – to be made available to service managers as part of the TOM review/development process.</p> <p>DMTs will continue to routinely review (as part of their TOM action plan review) actions set out against the ‘organisation’ layer to review whether planned changes to delivery models need to be amended/updated.</p> <p>As part of the biannual reports already presented to Merton Improvement Board, DMTs will be asked to expressly report on progress against the ‘organisation’ layer and how it is being kept under review and MIB provide constructive challenge.</p>	<p>Late 2017</p>	<p>The biennial Target Operating Model refresh process was launched in December 2017. With oversight from Merton Improvement Board (MIB) and CMT the process has been strengthened to ensure a consistently robust corporate approach to the review of service delivery under the direction of each DMT.</p> <p>CMT had previously issued a Statement of Direction directing TOM Authors (service leads) of the need to challenge existing service delivery models. The Head of Commercial Services has produced a process and guidance for service leads on ‘make or buy’ reviews, which are to be scheduled as part of the TOM process as a crucial aspect of the ‘organisation’ layer.</p> <p>The TOM guidance has been refreshed to reflect an explicit requirement for service leads to expand on how reviews of delivery models have been and will continue to be undertaken. The Head of Commercial Services (in her role as Organisation Layer Lead), will act as a dedicated point of contact to support departments through this process and work directly with service leads to plan a programme of make-or-buy reviews for departments over the five-year lifespan of the TOM as appropriate.</p>
<p>Recommendation 2</p> <p>That decision making on the establishment of proposed shared and outsourced services is strengthened through the production of a standardised business case that is presented to the Corporate Management Team and to Cabinet (or the relevant individual Cabinet Member for smaller services) for approval. This business case should be clearly evidenced and should include financial modelling to set out options and alternatives as well as details of other expected benefits so that vigorous challenge can be provided prior to a formal decision being made.</p>	<p>A set of guiding principles will be created to inform and support the development of bespoke business cases, along with clear questions that must be answered within each business case.</p>	<p>June 2017</p>	<p>A set of guiding principles has been drafted based on our own learning as a council – through discussions with officers within the organisation who have established shared or outsourced services – and guidance from CIPFA.</p> <p>These principles have been designed to supplement the existing business case template that forms part of the Merton Approach to Projects (MAP) internal project management methodology. MAP is based on PRINCE2 principles and techniques, and the business case includes two mandatory appendices: a detailed financial appendix as well as benefit profile(s).</p> <p>Use of the template together with the principles will ensure that business cases for proposed shared and outsourced services will be standardised and robust. Managers will have access to tools guiding them through the relevant issues, and decision-makers will be able to see the necessary information to provide challenge to the proposals.</p>
<p>Recommendation 3</p> <p>That a draft of the business case template is brought to the Overview and Scrutiny Commission for discussion prior to finalising it.</p>	<p>The guiding principles and questions will be presented to OSC for discussion.</p>	<p>TBC with Head of Democratic Services</p>	<p>The business case template (including appendices) and guiding principles are presented with this update. See Appendix A and B for details.</p>
<p>Recommendation 4</p> <p>That Cabinet should ensure there is support provided to service managers who are</p>	<p>A checklist will be developed drawing on the experience of services that have already transitioned to alternative delivery models.</p>	<p>August 2017</p>	<p>A toolkit for use by services considering a shared service arrangement has been drafted that signposts users to existing resources, suggests early conversations with specific points of contact across the business, and</p>

Recommendation	Action Agreed	Timeline	Update
exploring the feasibility of establishing a new shared or outsourced service so that these managers can draw on learning and expertise that already exists within the council. This should take the form of an on-line resource such as a checklist of issues to consider and contact details of officers who can provide advice and support. The resource should also include guidance on developing and complying with the standardised business case for the service as set out in recommendation 2 above.			provides further reading and tips. See Appendix C for details. Guidance on developing and complying with the business case template is available on the intranet.
<p>Recommendation 5</p> <p>That the Corporate Management Team should ensure that service managers have a mandatory appraisal objective to familiarise themselves with best practice elsewhere and consider how best to incorporate this in their service delivery.</p>	<p>CMT will continue to deliver the agreed programme of leadership development over the coming 18 months.</p> <p>The TOM development/refresh process will be refined for its next iteration to include more direct, dedicated support and challenge as per response to Recommendation 1 above.</p>	<p>Ongoing to mid 2018</p> <p>June 2017</p>	<p>The programme of leadership development continues to be delivered to managers across the organisation.</p> <p>The TOM refresh guidance has been refined to include more direct, dedicated support and challenge as per response to Recommendation 1 above.</p>
<p>Recommendation 6</p> <p>That the Corporate Management Team should ensure that a training or briefing resource is developed for officers in those corporate teams (such as HR, IT, finance and facilities) so that they understand the delivery model and likely support requirements of the council's shared services.</p>	<p>Work will be undertaken with representatives from services currently working in shared arrangements to develop a briefing resource for officers in corporate teams.</p>	<p>July 2017</p>	<p>Interviews were carried out with managers from four service areas (Libraries, Waste Services, Legal and Regulatory Services) who had already been involved in discussions around moving to shared or outsourced services. Although not all had decided to move to new arrangements, their experiences enabled requirements to be captured for a number of support services – HR, Finance, IT and Facilities, as well as suggestions for where this support may need to be enhanced.</p> <p>The findings of these interviews have been combined into a briefing resource for staff in those support services. Together with the toolkit, this will be reviewed by Corporate Services DMT for completeness before publication as part of the TOM process.</p>
<p>Recommendation 7 That the Overview and Scrutiny Commission should invite the Chief Executive to present a report annually to set out how challenge has been embedded, what choices have been made by service managers on models of service delivery, what changes resulted from the challenge process and what options were rejected and why.</p>	<p>The Chief Executive, working with CMT, will respond to the invitation with a report drawing on the mechanisms set out within this report to provide an overview of how alternative delivery models are being considered and changes resulting from this process.</p>	<p>July</p>	<p>This update, together with the previous update in July 2017, responds to this recommendation. Updates on choices for service delivery will be reported after the TOM process.</p>
<p>Recommendation 8 That the Overview and Scrutiny Commission (or relevant Panel) should receive a report on the proposed</p>		<p>Ongoing</p>	<p>CMT continues to discharge this recommendation through the forward plan mechanisms which highlights to the Commission any significant decisions on</p>

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<p>establishment of large or strategically important shared or outsourced services at a point in time when there is an opportunity to have some influence on its development. There should be further reports to review the operation, performance and budget of the service 15 months after the start date and when the agreement is due for review.</p>			<p>service reconfiguration.</p>

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The work to develop guiding principles and supporting materials has involved officers across the organisation with experience of selecting and implementing alternative delivery models and a number of managers providing key corporate services.
- 4.2. The Commission are asked to comment on draft guiding principles and business case guidance for services considering alternative delivery options (Appendices B and C).

5 TIMETABLE

- 5.1. The table within this report sets out the timescales for delivery.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. The council faces considerable financial pressure in current and future years. The delivery of the activities set out in this executive response will ensure the organisation continues to deliver services in the most efficient and effective way.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Changes to service delivery models will have legal and statutory implications (e.g. TUPE and delegation of statutory functions). Consideration of this will be incorporated within the proposed guidance/supporting information to be developed to ensure this is adequately accounted for and managed on a case by case basis.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. Changes to service delivery models will require careful assessment and management of risk. Consideration of this will be incorporated within the

proposed guidance/supporting information to be developed to ensure this is adequately accounted for and managed on a case by case basis.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- 11.1. Appendix A: Business Case (template, financial spreadsheet and benefit profile)
- 11.2. Appendix B: Guiding Principles for a Shared or Outsourced Service
- 11.3. Appendix C: Building a Shared or Outsourced Service Toolkit

12 BACKGROUND PAPERS

- 12.1. Report and recommendations arising from the scrutiny task group reviews of shared and outsourced services in Merton.

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