

Merton Council

Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Tobin Byers
Caroline Cooper-Marbiah
Nick Draper
Ross Garrod
Edith Macauley MBE
Katy Neep
Martin Whelton

Date: Monday 14 November 2016

Time: 7.15 pm

**Venue: Committee rooms C, D & E - Merton Civic Centre, London Road,
Morden SM4 5DX**

This is a public meeting and attendance by the public is encouraged and welcomed.
For more information about the agenda please contact 020 8545 3357 or
democratic.services@merton.gov.uk

All Press contacts: press@merton.gov.uk, 020 8545 3181

Cabinet Agenda

14 November 2016

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Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

Agenda Item 3

All minutes are draft until agreed at the next meeting of the committee/panel. To find out the date of the next meeting please check the calendar of events at your local library or online at www.merton.gov.uk/committee.

CABINET

12 OCTOBER 2016

(7.15 pm - 7.40 pm)

PRESENT: Councillor Stephen Alambritis (in the Chair)
Councillors Mark Allison, Nick Draper, Caroline Cooper-Marbiah,
Tobin Byers, Katy Neep and Ross Garrod

ALSO PRESENT: Councillor Oonagh Moulton

Simon Williams, Director, Community & Housing Department
Paul Dale, Assistant Director of Resources
James McGinlay, Head of Sustainable Communities
Jane McSherry, Assistant Director of Education
Fiona Thomsen, Head of Shared Legal Services
Anjan Ghosh, Consultant in Public Health
Julia Regan, Head of Democracy Services

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillors Edith Macauley and Martin Whelton.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 19 September 2016 are agreed as an accurate record.

4 RAVENSBURY GARAGES (Agenda Item 4)

The Cabinet Member for Finance introduced this report which sought agreement to rescind the decision of Cabinet on 18 December 2006 and to authorise the Director of Environment and Regeneration to dispose of the Ravensbury Garage site under his delegated powers in order to facilitate the regeneration of the Ravensbury Estate.

RESOLVED:

1. That the land adjoining Ravensbury Garages be declared surplus to requirements.
2. That the decision of Cabinet on 18 December 2006 minute 3 D) is rescinded.

3. That the Director of Environment and Regeneration is authorised to dispose of the Ravensbury Garage Site under his delegated powers in consultation with the Cabinet Member.

5 SEXUAL HEALTH STRATEGY AND PROCUREMENT (Agenda Item 5)

The Cabinet Member for Adult Social Care and Health introduced the report which outlined the sexual health commissioning strategy and sought approval for the tendering of a new integrated sexual health service (level 2 and 3) with the London Boroughs of Wandsworth and Richmond. He highlighted the desired outcomes set out in section 2.15 of the report.

In response to questions from the Leader and from the Cabinet Member for Children's Services, the Consultant in Public Health reassured Cabinet that the services would be sited in locations that would address equalities and access issues and that partnership work with Children Schools and Families would continue to ensure that young people were reached.

RESOLVED: That Cabinet

1. Agrees the outline sexual health commissioning strategy.
2. Agrees delegation to the cabinet lead for the full endorsement of the completed Merton sexual health commissioning strategy once ready.
3. Approves the tendering of a new integrated sexual health service (level 2 and 3) with the London Boroughs of Wandsworth and Richmond upon Thames, contracted for 5 years (with the possibility of two one year extensions) as part of the London Sexual Health Transformation Programme.

6 FINANCIAL MONITORING AUGUST 2016 (Agenda Item 6)

The Cabinet Member for Finance presented the report which provided the regular monthly financial monitoring update for August 2016, showing a predicted net overspend of £4.966 million at the end of the 2016/17 financial year. He said that there were a number of budget pressures, including adult social care costs, and that work was ongoing to address these, which would be reported to Cabinet in the September monitoring report.

The Cabinet Member for Adult Social Care and Health informed Cabinet that over the summer there had been lots of work to address the overspend in adult social care and that a detailed action plan is being monitored weekly. The Leader added that this had been identified as a significant issue for many London boroughs.

RESOLVED: That Cabinet

1. Note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £4.966million, 0.9% of the

gross budget.

2. Approve the proposed adjustments to the Capital Programme detailed in appendix 5b. That Cabinet notes the adjustments made to the Capital Programme in Appendix 5b and approves the following:

Scheme	2016/17 Budget	Adjustment	Revised 2016/17 Budget
	£	£	£
Bus Stop Compliance*	0	134,000	134,000

*Fully funded by Transport for London

7 BUSINESS PLAN 2017-2021 (Agenda Item 7)

The Cabinet Member for Finance introduced the report which set out the draft Medium Term Financial Strategy (MTFS) and draft capital programme 2017-21. He drew Cabinet's attention to the significant budget gap that remains in the latter years of the MTFS.

RESOLVED: That Cabinet

1. Agree the proposed amendments to savings set out in Appendix 1 and incorporate the financial implications into the draft MTFS 2017-21.
2. Agree the latest draft Capital Programme 2017-21 detailed in Appendix 3 for consideration by scrutiny in November and notes the indicative programme for 2022-26.

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Committee: Cabinet

Date: 14 November 2016

Wards: All

Subject: Health in All Policies

Lead officer: Simon Williams, Director of Community and Housing

Lead member: Councillor Tobin Byers, Cabinet Member for Adult Social Care and Health

Contact officer: Dr Dagmar Zeuner, Director of Public Health

Recommendations:

- A. To note the LGA Health in All Policies peer assessment work to date.
 - B. To agree to receive the final report and action plan for Health in All Policies and support its implementation.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. Health in All Policies seeks to embed prevention of ill health and promotion of wellbeing into everything we do as a Council. It offers an opportunity for Merton to take a lead in having a positive impact on health, wherever possible, in all of its policies and services for the benefit of local residents.
- 1.2. As Merton is the first Council to take part in this LGA programme in London, it will contribute to our aim to be London's best Council by 2020. We also anticipate that the Mayor of London's health inequality strategy will embrace this approach.
- 1.3. There is potential for a strong mutual benefit from Health in All Policies, across the Council and our partners. We understand that health and health equity are not only important goals in their own right but also prerequisites for achieving other corporate council goals such as educational attainment, employment, safety, sustainability and prosperity.
- 1.4. Our allocated Health in All Policies peer, Cllr Rory Palmer (Deputy Mayor, Portfolio Holder and Chair of Leicester City Council Health and Wellbeing Board) will attend Cabinet on 14 November. He will set out the work underway, opportunities to share good practice and seek Cabinet's consideration, contribution and agreement to receive the final report and action plan on completion of the peer assessment.

2 DETAILS

- 2.1. LGA piloted a HIAP programme last year with ten councils nationally. Evaluation was positive but limited funding was made available for 2016/17. Merton was offered a funded place for a self assessment questionnaire and facilitated workshop; the first in London. Success of the self assessment relies upon real involvement and engagement of officers, Councillors and partners. Along with the discussion with Cllr Rory Palmer, Cabinet are asked to note the HIAP work programme and agree to receive the action plan that results from the work.

- 2.2. HIAP seeks to embed prevention of ill health and promotion of wellbeing into everything we do as a Council. We believe there is a strong mutual benefit in this, across the Council as a whole and our partners, seeing the opportunities of improving health and wellbeing to a wide range of our corporate objectives: educational attainment, employment, safety, independence and recovery, sustainability and prosperity.
- 2.3. HIAP links to the Mayor of London's work on Tackling London's Health Inequalities and the pledge of, 'getting to grips with health inequalities .. (and) renewing focus on prevention'. It also links to our work in Merton towards excellence under the London Healthy Workplace Charter.
- 2.4. HIAP recognises that health and health equity are important goals in their own right, and prerequisites for achieving other goals, for example in Merton, Bridging the Gap between the East and West of the borough. It recognises the varying priorities that are difficult for councils to reconcile and tries to provide a framework to manage these and identify solutions that contribute positively. Health and wellbeing is contingent on so many societal factors under the control of councils, that it lends itself as a marker of good government, where spending can become an investment rather than just an expenditure that needs to be controlled.
- 2.5. HIAP is about ways of working: systems leadership; building relationships and collaborations across services and partners, for example, between councillors and GPs; making the best informed decisions; and, effective implementation. A HIAP approach aims that each decision seeks the greatest health benefit possible for the investment asking key questions such as 'what will this do for the health and wellbeing of the population?' and 'will this reduce health inequalities locally?'
- 2.6. Examples can include social value procurement (that considers the impact on health and wellbeing, supports local communities and builds voluntary sector capacity where possible), responding to the Care Act and duty of wellbeing for service users and carers and tools like Health Impact Assessment for planning developments (on which joint work with Planning and Public Health Planning is already underway).
- 2.7. HIAP offers considerable opportunities, most of which would have not financial implications aside from officer time. It is important to consider any additional bureaucracy versus potential gain but the ambition for HIAP is that it can build on the strong partnerships in Merton and help manage medium and longer term financial pressures and strengthen the council corporately towards 2020.

3. Methodology and timeline

- 3.1. As part of the HIAP programme the LGA have issued a questionnaire to Council officers and CCG partners identifying existing work and further opportunities to further strengthen and embed prevention.

Two 'peers' have been assigned to Merton: Councillor Rory Palmer (Portfolio holder for Adult Social Care, Health Integration and Wellbeing,

Chair of the Health and Wellbeing Board and Deputy City Mayor, Leicester City Council) who will attend the Cabinet meeting and Martin Smith (previously Chief Executive of Ealing Council).

- 3.2 In addition to the discussion at Cabinet, the peers and LGA will conduct stakeholder interviews with key partners (including the voluntary sector, CCG, Police and Fire Borough Commander etc).

This will be followed up by a HIAP workshop for officers in December where the full findings of the peer assessment will be analysed, case studies of good practice will be considered and an action plan drawn up for Merton. The action plan will set out the new collaborative work needed, building on existing initiatives, to achieve the mutual benefits which Health in All Policies can deliver.

- 3.3 Following completion of the HIAP peer assessment the LGA will write to the Council with their report to which the Council then has the opportunity to respond. The Merton action plan will be built upon the findings of the LGA and the contributions of all participants and partners in the work.

- 3.4 The below timeline gives a summary.

Timeline	Activity
October 2016	Circulation and completion of self assessment questionnaire to officers and CCG
Oct/Nov 2016	Stakeholder interviews with key partners (voluntary sector, CCG, Police and Fire Borough Commanders etc)
November 2016	HIAP peer visit and report to Cabinet
December 2016	Officer workshop session facilitated by LGA and HIAP peers
January 2017	LGA report received and action plan developed

4. ALTERNATIVE OPTIONS

The LGA has offered to fund the work on HIAP. There is no alternative.

5. CONSULTATION UNDERTAKEN

The HIAP self assessment will involve consultation across the Council and key partners.

6. TIMETABLE

As set out in the report

7. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

None other than time, LGA will support this work.

8. LEGAL AND STATUTORY IMPLICATIONS

None

9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

Health in All Policies is directly concerned with improving health equity.

10. CRIME AND DISORDER IMPLICATIONS

None

11. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

None

12. BACKGROUND PAPERS

None

Committee: Cabinet

Date: 14 November 2016

Wards: All

Subject: Preventing Diabetes in the South Asian Community – Final report and recommendations of the scrutiny task group review.

Lead officer: Stella Akintan, Scrutiny Officer

Lead member: Councillor Brian Lewis-Lavender, Task Group Chair.

Contact Officer: Stella Akintan; stella.akintan@merton.gov.uk; 020 8545 3390

Recommendations:

- A. That Cabinet considers the report and recommendations (attached in Appendix 1) arising from the scrutiny review of Preventing Diabetes in the South Asian Community
- B. That Cabinet agrees to the implementation of the recommendations through an action plan being drawn up by officers working with relevant local partner organisations and Cabinet Member(s) to be designated by Cabinet.
- C. That Cabinet decides whether it wishes to formally approve this action plan prior to it being submitted to the Healthier Communities and Older People Overview and Scrutiny Panel.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To present the scrutiny review report on Preventing Diabetes in the South Asian Community' for endorsement and seek approval to implement the review recommendations through an action plan being drawn up.

2. DETAILS

- 2.1 In March 2015 the Healthier Communities and Older People Overview and Scrutiny Panel agreed to undertake a scrutiny review of Diabetes due to the projected rise in the condition. The task group decided to focus on Preventing Type 2 Diabetes in the South Asian Community as the prevalence of the condition was higher than other ethnic groups.
- 2.2 The findings and recommendations of the review are set out in Appendix A.

3. ALTERNATIVE OPTIONS

- 3.1 The Healthier Communities and Older People Overview and Scrutiny Panel can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.
- 3.2 Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.
- 3.3 Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

4. CONSULTATION UNDERTAKEN OR PROPOSED

4.1 In carrying out its review, the task group questioned senior council officers as well as voluntary and community sector organisations.

4.2 The Task group visited a care home in Merton

4.3 TIMETABLE

4.4 The final report was approved by the Panel on 06 September 2016 where it was agreed to present the report to Cabinet.

5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

5.1 None for the purposes of this covering report. It is envisaged that the recommendations in the attached report will not have any major resource implications. However, any specific resource implications will be identified and presented to Cabinet prior to agreeing an action plan for implementing the report's recommendations.

7. LEGAL AND STATUTORY IMPLICATIONS

7.1 None for the purposes of this report. Scrutiny work involves consideration of the legal and statutory implications of the topic being scrutinised.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 It is a fundamental aim of the scrutiny process to ensure that there is full and equal access to the democratic process through public involvement and engaging with local partners in scrutiny reviews. Furthermore, the outcomes of reviews are intended to benefit all sections of the local community.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None for the purposes of this report. Scrutiny work involves consideration of the crime and disorder implications of the topic being scrutinised.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None for the purposes of this report.

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

11.1 Appendix 1 – Task group report on “Preventing Diabetes in the South Asian Community.”

12. BACKGROUND PAPERS



Report and recommendations arising from
the task group review of 'Preventing
Diabetes in the South Asian Community'

September 2016

Task Group Membership;

Councillor Brian Lewis Lavender, Chairman.
Councillor Suzanne Grocott
Councillor Abdul Latif
Councillor Sally Kenny
Councillor Marsie Skeete
Councillor Joan Henry
Councillor Brenda Fraser
Mr Saleem Sheikh

Who the task group met with;

- Commissioner and Service Improvement Manager for Planned Care, Merton Clinical Commissioning Group
- Senior Commissioning Manager
- Local GP's
- Assistant Director and Consultant in Public Health, Merton Public Health Team
- Diabetes UK, South West London Branch
- Merton Joint Consultative Committee for Ethnic Minorities
- Dr Ponnusamy Saravanan, South Asian Health Foundation
- Merton Asian Elderly, community organisation.
- Chief Executive, Merton Voluntary Sector Council

FOREWORD by the Chair, Councillor Brian Lewis-Lavender

When considering which subject to tackle for the Scrutiny Task last year, Diabetes came to the forefront as a growing problem facing the NHS. (Costing £36,000,000 per day¹)

More research showed that this condition in the South Asian Community was five times more prevalent than with white Europeans.

10% of diabetes sufferers have Type 1 Diabetes which is incurable, **but** 80% have Type 2 Diabetes which in most cases is preventable.

It was obvious to the group that prevention of Type 2 diabetes should be our focus.

The following report highlights the growing cost of diabetes and the other serious conditions that can develop as a result of this illness.

It was a difficult decision for the Task Group to select one ethnic community, but it was felt that a major improvement in the Prevention of Diabetes in this community was achievable.

I would like to thank the task group members our Scrutiny Officer, as well as the groups that we met for their valuable input to this report.

¹ Source: Diabetes UK.

Draft Recommendations

1. Public Health and Merton Clinical Commissioning Group (MCCG) to consider ways to ensure the equitable take-up of the National Diabetes Prevention Programme within the South Asian Community.
2. Public Health and MCCG to ensure that the new Lifestyle Service is culturally appropriate and effectively engages South Asian Communities.
3. Public Health to review projects within the East Merton model and consider if they are culturally appropriate.
4. Public Health and MCCG to find sensitive and appropriate ways to ensure South Asian expectant mothers are aware of the increased risk of Type 2 diabetes.
5. Public Health and MCCG to consider ways to ensure the equitable take- up of the NHS health check amongst the South Asian Community.
6. Merton Voluntary Sector Council (MVSC), MCCG and Public Health to review the services provided to the South Asian Community by the existing voluntary and community organisations (for example faith groups) and consider how these charities can work together, pool their resources, and provide consistent messages on diabetes care and raise awareness.

Introduction

1. Overview and scrutiny task groups provide an opportunity to develop an in-depth councillor led perspective on a local problem. Councillors can draw upon their knowledge of the area and the concerns of residents. They therefore bring a fresh insight and offer practical solutions to enhance services for local people.
2. This review will focus on preventing diabetes to improve the quality of life for residents and reduce the burden on NHS services. Diabetes mellitus is a common life-long health condition. It is caused when the amount of glucose in the blood is too high because the body cannot use it properly. This is because the pancreas doesn't produce any insulin, or not enough insulin, to help glucose enter the body's cells – or the insulin that is produced does not work properly (known as insulin resistance). If left untreated or poorly controlled, diabetes can lead to serious health problems, from limb amputations, blindness and kidney failure and a greater risk of cardiovascular disease, heart attack and stroke.
3. The task group has chosen to focus on Type 2 diabetes; where the body can still make insulin, but not enough, or the insulin it does produce does not work properly. Around 90% of adults with diabetes have Type 2. A number of factors can lead to people being at risk of developing Type 2 diabetes; this includes, family history, age and those within some ethnic groups. The risk is exacerbated by lifestyle factors such as obesity, poor diet and an inactive lifestyle. Therefore maintaining a healthy weight, regular exercise can, in some cases prevent the condition or can control the symptoms that can prevent further complications. Local authorities through their public health teams and working with health and voluntary sector partners can play a central role in helping to promote healthy lifestyles and greater awareness of the risks.
4. Support for people in the South Asian Community will be the focus of this review as they are up to six times more likely to be diagnosed with diabetes than people of white ethnicity. This group are also more likely to experience complications from the condition at a younger age.
5. This review was inspired by the Greater London Assembly report 'Blood Sugar Rush' Diabetes Time bomb in London². The report highlighted that more and more people are contracting Type 2 diabetes; largely due to rising obesity and the increase in ethnic diversity in London. This has led to an

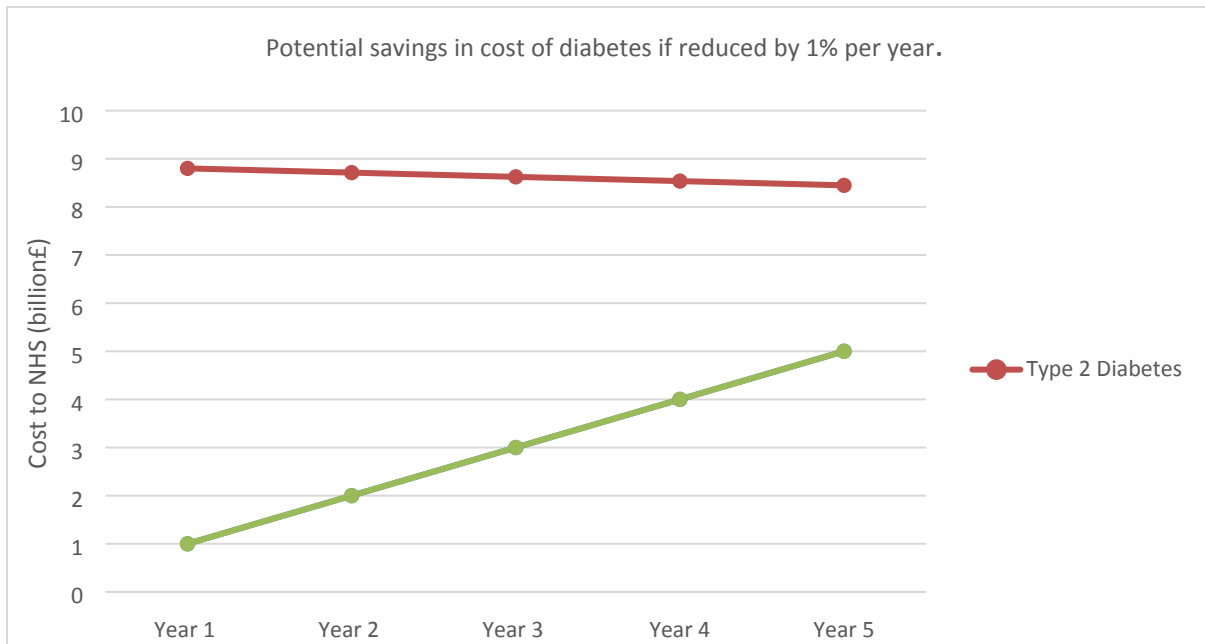
² Blood Sugar Rush' Diabetes Time bomb in London, Greater London Assembly report ,2014.

estimated 75% increase over the last decade. Diabetes is now the biggest single cause of amputation, stroke, blindness and end-stage kidney failure in the UK.

6. While prevalence of the condition in Merton may be lower than some other London Boroughs, the projected change in our demographics means that the diabetes time bomb is also a cause for concern locally.
7. Given this impending crisis; the task group members were very keen to adopt an approach which focusses on the prevention of diabetes to ensure that resources are not only addressing the symptoms but are targeted to stem the rise in the condition. On this basis preventive messages will need to be implemented at the beginning of the life course so that healthy habits are firmly embedded.
8. Prevention is also pertinent given the unsustainable cost of diabetes. The rise in diabetes is putting extreme pressure on the NHS services. Diabetes accounts for around 10 per cent of current national health spend, four-fifths going towards treating complications.³
9. It is estimated that if we do not increase preventative measures and change the way diabetes is treated, the cost will rise from £8.8 billion in 2010/11 to £39.8 billion by 2035/2036 which would account for 17.8% of the NHS budget⁴. This task group believes that a concerted effort across all local partners can reverse this trend and even a reduction of 1% in the current costs of diabetes can have a significant impact, as indicated in the graph below:

³ Blood Sugar Rush' Diabetes Time bomb in London, Greater London Assembly report ,2014.

⁴ Estimating the current and future costs of type 1 and type 2 diabetes in the UK, including direct health costs and indirect societal and productivity costs, Diabetic Magazine. 25 April 2012.



Source: Cost of Diabetes Report, Diabetes UK (2014)

Diabetes in the south Asian community

10. South Asians are a diverse group of people from Indian, Pakistani, Bangladesh and Sri Lankan origin, with differing religion, language and cultural practices. While this report will use the term South Asian people, it recognises that there are significant differences within these groups which will need to be taken into account when developing services.⁵
11. According to the 2011 UK census, people describing themselves as Asian or Asian British make up the second largest ethnic group in the UK, after the white population. In total, 4.9% of the total population identified themselves as originating from South Asian countries (India, 2.3%; Pakistan, 1.9%; Bangladesh, 0.7%), totalling approximately 3,080,000 people.⁶
12. At the local level a significant demographic change emerging from the Census in 2011 was the overall increase in the Black and Minority Ethnic (BAME) population in Merton. Merton's ethnic profile is forecast to change significantly by 2020. The proportion of Merton's BAME population is expected to increase from 37% in 2014 to 40% in 2020. Looking at the breakdown of the BAME population, the largest increases are in Asian Other (notably Sri Lankan), Black African and Black Other groups.
13. Background research has provided a wealth of information about the pre-disposition for South Asian community to being diagnosed with diabetes. This group with a healthy BMI have more fat around organs and in the belly area

⁵ Diabetes UK and South Asian Health Foundation recommendations on diabetes research priorities for British South Asians, 2009

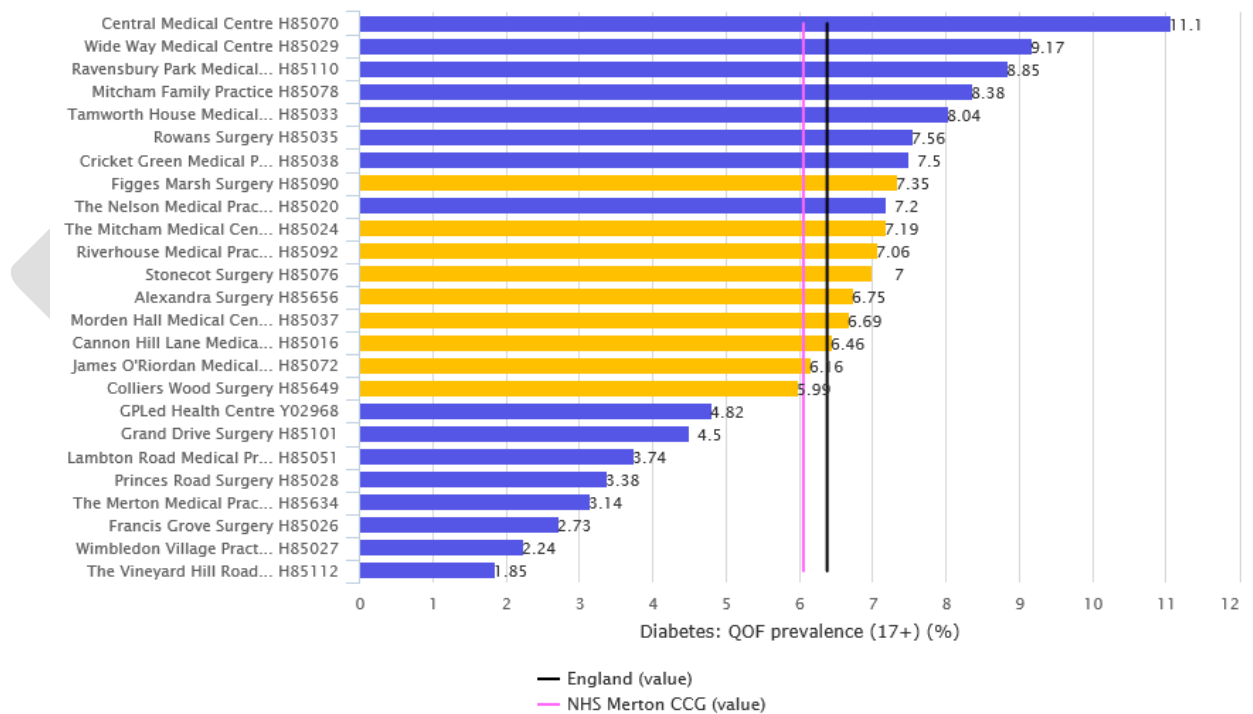
⁶ Type 2 diabetes in the UK South Asian population, An update from the South Asian Health Foundation, 2014

than Europeans with the same BMI, thereby increasing risk. South Asians, are more likely to have not only more abdominal fat, but also less muscle, which further increases insulin resistance. In addition, Asian women are at greater risk of suffering from diabetes during pregnancy, which can put their children at risk of Type 2 diabetes in later life⁷.

14. Researchers have found that Asians have the "thrifty" phenotype which means their bodies are designed to conserve energy and lay down food in the form of fat, (BBC article) Overall the evidence is consistent and robust: South Asians are at an increased risk of diabetes and cardiovascular disease but at a younger age, with a lower BMI and Smaller waist circumference compared to the white population⁸.

15. Diabetes in Merton

16. In Merton, based on GP registers (QOF, 2014-15), the recorded prevalence of diabetes (both types but only adults) is 6.0%. This equates to approximately 10,292 people and about 1 in 19 adults having diabetes. The level of recorded diabetes in GP practices across Merton ranges from 1.85% to over 11% prevalence.



⁷ Diabetes Digest in Focus, Care of Diabetes in People of South Asian Origin, Diabetes Digest Vol 9 No 2 2010.

Diabetes Digest in Focus, Care of Diabetes in People of South Asian Origin, Diabetes Digest Vol 9 No 2 2010.

⁸ Type 2 diabetes in the UK South Asian population, An update from the South Asian Health Foundation, 2014

A focus on prevention

17. For this task group, prevention of diabetes will mean support to enable people to live healthy lifestyles and to make healthier decisions. However, given that behaviour change can be a complex process, a range of measures need to be considered such as incentivising people and restricting some activity such as unhealthy take-away food shops near schools⁹.
18. Diabetes UK supports a whole systems approach to reducing obesity which is about developing an environment where it is easier to maintain a healthy weight, through access to parks and open spaces, clear food labeling and reducing the number of unhealthy food options on the high street¹⁰.
19. Task group members were pleased to understand that the concept of prevention is this reflected both within internal and national documents.
20. The Merton Annual Public Health report focusses on the importance of prevention as a driver to reduce the rise in health conditions which is placing an unsustainable burden on the NHS. The report defines prevention as “avoiding poor health outcomes before they occur, intervening early to diagnose disease or re-establishing as much independence as possible when disease or disability do occur – offers numerous opportunities to improve the quality of people’s lives and to make our health and social care system more affordable¹¹.”
21. In 2014, the NHS published a report entitled the ‘Five Year Forward View’ this highlighted the importance of prevention to mitigate the unsustainable rise in costs in some diseases including diabetes as well as the far reaching impacts of preventable illnesses. The report highlights the future of the NHS will mean more local specialist care centres providing integrated holistic care. There will be strengthened community services and out of hospital care. It recognises that in order to tackle these challenges a one-size-fits-all approach will not be effective.
22. A recent report by the New Local Government Network highlights the challenges that local government faces in implementing a preventative agenda. It argues that reviews into the future of the NHS dating back to the early 2000s has shown that in order to make the NHS sustainable, there needs to be a focus on early intervention and self management of care and

⁹ Changing Behaviours in Public Health. To Nudge or to Shove. Local Government Association, 2013

¹⁰Cost of Diabetes, Diabetes UK 2014

¹¹ The time for Prevention is Now, Keeping People Healthy Reduces Health Inequalities Merton Public Health Report, 2015

ensuring that people are involved in their own care. This will support health decisions and encourage responsibility within our communities¹².

23. However, the report argues for this to be achieved we need to move away from short term operational and political objectives and focus on long term planning. Health spending needs to move away from treatment and support prevention. This is exacerbated by the funding pressures particularly in public health budgets.
24. The task group learned that given that the majority of the NHS budget on diabetes is spent on treating the complications, there is still a vast amount of work to be done to prevent people getting the condition and ensuring that it is well managed to avoid amputations and associated health conditions.
25. The task group found encouraging evidence of a prevention project within the work of the East Merton model of health. It involved funding from Merton Clinical Commissioning Group to fund healthy lifestyles to prevent diabetes. The ethnic minority centre provides health information and advice to BAME communities, received £8,000 for its project Healthier Lives 4U will encourage healthy lifestyle options specifically in the black and ethnic minority communities.

Existing services for people with diabetes in Merton

Primary Care

26. Merton Clinical Commissioning Group (MCCG) told us that the majority of care for someone with diabetes will be provided by his or her GP. Tier 2 and 3 diabetes care is commissioned predominantly by the Clinical Commissioning Group and provided in community settings.

Community Care

27. Community based services provide care for patients with complex needs, this was given by Sutton and Merton Community Services (SMCS) until March 2016 and is now delivered by Central London Community Healthcare NHS Trust
28. This community team comprises:
29. Consultant Diabetologist Lead
30. Diabetes Nurse Specialists
31. Specialist Dieticians

¹² Get Well Soon, re-imagining place based health, New Local Government Network, 2015

32. Specialist Podiatrists

33. In addition to providing clinical advice and treatment, the community diabetes service also provides education for people with diabetes in accordance with NICE guidance, to help them to understand and, where possible, manage their own condition and retain their independence and quality of life.

34. In addition MCCG is delivering an Expert Patient Education programme for people with Long Term Conditions, including diabetes. The Expert Patient Programme is an education programme which recognises that many of the issues and problems encountered by people with a long term condition are the same, regardless of the condition. The programme is a series of courses run by local accredited trainers who themselves have one or more long term condition. These courses provide people with advice on how they can best manage the problems associated with living with a long term condition (including feelings of isolation and loneliness) and also how best to access health services.

Acute Care

35. People requiring more complex care, perhaps because they have other conditions or complications, or are pregnant, are referred to hospital diabetes services for treatment

Merton Clinical Commissioning Group work with GP Surgeries

36. MCCG is working with GPs to focus on decreasing the number of undiagnosed cases and improving structured education for management of the condition. A specific piece of work involves visiting every GP practice to ensure people are aware of symptoms of diabetes and those who are diagnosed are placed on a GP register.

37. The Outpatient Navigation System and DXS being implemented in GP settings in 2016/17 will also support the diabetes pathway.

Merton Public Health Team

38. Diabetes is generally more common in patients from areas of high socio-economic deprivation, which in Merton are concentrated predominantly in the East Merton area. An East Merton Model of Health and Wellbeing (EMMoHWP) is being established in this area. This is a whole system preventative approach focussing on the whole person as well as the community. It aims to build a movement of behaviour change, built around a new healthcare facility involving all stakeholders including residents, GP's and councillors. Projects will focus on reducing childhood obesity, increasing

physical activity. It will also introduce social prescribing which will enable primary care services to refer people to non-medical options such as further education, leisure and sports clubs or cultural groups.

39. Merton is fortunate to have a 'Live well' Programme in the East of the borough. This provides a range of initiatives to support people to maintain healthy weight, be physically active, smoking cessation and reduce alcohol consumption. The service has recently been re-designed due to budget savings.
40. The NHS health check is one of the ways that diabetes is diagnosed. This is a universal and systematic programme for everyone between the ages of 40-74, to assess risk of heart disease, stroke, kidney disease and diabetes, and to support people to reduce or manage that risk through individually tailored advice. The task group was pleased to be informed that the invitation to the NHS health check will prioritise people according to age and ethnicity with relevant adjustments made for BMI and hypertension. This means it will meet the needs of people from the South Asian Community who tend to contract the condition at a younger age and with a lower BMI.
41. Diabetes UK argues that the NHS health check is a very effective mechanism to prevent diabetes. Early diagnosis of pre-diabetes or non-diabetic hyperglycaemia can prevent the onset of full diabetes. This could produce a gross national saving of £40 million per year after four years. When taking into account the savings to the NHS due to averted strokes and other complications, it could be a gross saving of £132 million per year over ten years¹³.
42. Merton along with other South West London boroughs has gained early access into the NHS Diabetes Prevention Programme; this is a joint commitment from NHS England, Public Health England and Diabetes UK. Its main aim is to identify those at high risk of diabetes and refer them to an evidence based behavior change programme. Overall it is hoped that this will significantly reduce the four million people in England who are expected to have Type 2 diabetes by 2025.

Findings of the task group

43. Having met with a wide range of witnesses the task group have made the following observations and recommendations:

Current services

¹³ Cost of Diabetes, Diabetes UK, 2014

44. There has been recognition that more can be done to enhance diabetes services in Merton. Improvements are being made however it is clear that resources are limited and it is one of a number of significant local health challenges that is being addressed.
45. Witnesses from MCCG and public health highlighted that services are in place to address weight management and physical activity which is a preventative approach to diabetes. The diabetes prevention programme will be launched in the autumn of 2016, specifically targeting high risk individuals.
46. The Blood Sugar Rush report highlighted that Merton is one of the London Boroughs that is not meeting the nine quality measures set out in the NICE guidelines. MCCG told this task group that they do not commission GP services therefore it can be difficult to monitor service quality¹⁴. However they are currently working with GP's to improve levels of diagnosis in surgeries where the level of prevalence is particularly low.
47. The task group were pleased to be informed that take up of the NHS health check is above the national average in Merton. However research has shown that those from lower socio economic groups and some seldom heard groups are the least likely to respond to this programme. Therefore initiatives need to be put in place to increase take up especially amongst those who are least likely to engage.

Services targeted at the South Asian Community

48. The task group believes that there needs to be services that are specifically target the South Asian Community. Our evidence demonstrates that this group often does not access main stream services and may hold some fatalistic beliefs which impact negatively on willingness to attend appointments, engage in discussion with health care professionals and follow diet and lifestyle recommendations¹⁵.
49. The task group met with Dr Ponnusamy Saravanan from the South Asian Health Foundation. This organisation conducts research on health issues in the South Asian community and lobbies for improvement to services. Dr Saravanan highlighted that diabetes is increasing and all projections have been exceeded. Some statistics say 25-30% of males over 40 will be diagnosed with the condition. It should also be recognised that South Asian children are 13 times more likely to contract diabetes than their people of

¹⁴ This statement was correct when the evidence was given in June 2015. The commissioning responsibility for GP services has since changed.

¹⁵ Diabetes Digest in Focus, Care of Diabetes in People of South Asian Origin, Diabetes Digest Vol 9 No 2 2010.

white ethnicity ¹⁶.

50. Again research has highlighted the importance that culturally sensitive interventions can make. Given the prevalence of diabetes in the South Asian community, some people can have a fatalist approach and feel that given their genetic pre-disposition a diabetic diagnosis is inevitable and changes in lifestyle would be futile. This view point was shared when the task group met with the Joint Consultative Committee for Ethnic Minorities. Therefore health message need to challenge and address this particular mind-set. Furthermore religious leaders tend to view this fatalism as misplaced which suggests a potential role for religious leaders in behaviour change programmes ¹⁷.
51. Research on dietary habits demonstrates that many within the South Asian Community would benefit from specific health messages in accordance with their cultural practices. Meals typically tend to contain large portions of carbohydrates (i.e. bread or rice), fat (e.g. butter or ghee) or salt. To some extent these can be 'hidden calories'. In addition, there is a tendency to overcook vegetables, destroying essential vitamins, which to some degree undermines the benefits provided by the fact that meals are often cooked from scratch with fresh ingredients¹⁸.
52. It is important to target health messages at those who do the cooking as it may not be the person who has diabetes. Therefore Dr Saravanan has particularly suggested the task group should target women and expectant mothers who are most likely to be the gatekeepers of the family diet. The task group believes that this is an important consideration and also that a sensitive approach should be found to discuss these issues with expectant mothers without alarming them.
53. Another important dietary consideration is that of meal times which can influence weigh gain. For example, breakfasts tend to be small and the major meal eaten quite late at night, up to 11pm in many households. Furthermore, food, in particular the provision of luxurious or traditional foods, has an important social role in the South Asian community. As such, the consumption of these foods is often felt to be obligatory to avoid offending people and potential alienation from the community and healthy choices are often not available¹⁹.

¹⁶ Prevention of Diabetes in South Asians presentation to Merton Councillors, Dr P Saravanan, Associate Professor and Hon Consultant Physician University of Warwick and George Elliot Hospital, 2015

¹⁷ Diabetes UK and South Asian Health Foundation recommendations on diabetes research priorities for British South Asians, 2009

¹⁸ Type 2 Diabetes in South Asians: similarities and differences with white Caucasians and other populations, Annals of the New York Academy of Sciences, Gujral et al, 2013.

¹⁹ Diabetes Digest in Focus, Care of Diabetes in People of South Asian Origin, Diabetes Digest Vol 9 No 2 2010.

54. A large number of South Asians will fast, either on a regular basis (for example, many Hindu people may fast one day each week) or as part of a religious observance and Muslim people during Ramadan. In diabetes, fasting may lead to hypoglycaemia, hyperglycaemia and dehydration, and some people may be reluctant to take their medication during their fast ²⁰.
55. The task group found that there are initiatives around the country which are developed to specifically support people from the South Asian community in primary prevention and also managing the condition so it does not get worse.

Lambeth and **Southwark** set up a community champions training programme. People were trained so they could provide outreach work within their own communities, talking to seldom heard groups and increasing awareness. The Community Champions attended community centres, tenants meetings community fun days and events. They handed out information and spoke to people about local diabetes services.

Tower Hamlets runs an initiative called 'Good Moves' which is a culturally and linguistically appropriate programme designed for people with diabetes to learn more about physical activity, relaxation, and cooking healthy food. The aim is to create a healthy body and mind which can empower people and therefore support better management of the condition and prevent associated complications. The groups are culturally appropriate holding separate sessions for men and women. The sessions are interactive and encourage participants to learn from each other in making changes in their lifestyles and behaviour. Good Moves works with existing organisations such as community centres GP surgeries and faith groups

Events in faith settings were held in **Walsall** at a Bangladeshi Mosque and a Hindu Temple in **Southall**. Both were very well received and well attended. They provided information and advice on diabetes and there was opportunities for questions and discussion. The general learning from these events is there is a captive audience so an opportunity to speak to large numbers of people.

Camden - runs structured education programmes for the Bengali community with Type 2 Diabetes. The project enables Bengalis to self manage their condition more confidently and effectively. The project also explored the challenges which prevent Bengalis in Camden from accessing current services. The consultation exercise, observation of current services and focus group meetings show that while Bengalis in Camden are aware of the diet and lifestyle recommendations associated with managing Type 2 diabetes, they would like to engage in group sessions, held at local community centres, which focus on delivering basic information and practical advice on managing diabetes on a day-to-day basis. Access to affordable exercise classes is also a concern. They wanted advice on healthy eating, cooking and weight loss.

²⁰ Diabetes UK and South Asian Health Foundation recommendations on diabetes research priorities for British South Asians, 2009

56. The task group believes that there are a number of low cost interventions that can be developed which can have a high impact. The task group understand that there will be opportunities within the National Diabetes Prevention Programme and the Lifestyle Management Services to work with people within the South Asian Community and help them to access mainstream services.

57. While the task group commends the programmes with East Merton model of care it is important to ensure that they are accessible to all members of the community therefore the task group would like all services to be examined to ensure they are culturally appropriate.

Recommendations:

1. Public Health and Merton Clinical Commissioning Group (MCCG) to consider ways to ensure the equitable take-up of the National Diabetes Prevention Programme within the South Asian Community.
2. Public Health and MCCG to ensure that the new Lifestyle Service is culturally appropriate and effectively engages South Asian Communities.
3. Public Health to review projects within the East Merton model and consider if they are culturally appropriate.
4. Public Health and MCCG to find sensitive and appropriate ways to ensure South Asian expectant mothers are aware of the increased risk of Type 2 diabetes.
5. Public Health and MCCG to consider ways to ensure the equitable take- up of the NHS health check amongst the South Asian Community.

Information and advice to the community

58. The new models of health proposed by the NHS Five Year Forward View will mean that communities need to be empowered to manage their own health care. While handing out leaflets are shown to be one of the least effective methods of behaviour change, research by Camden Clinical Commissioning Group found that South Asian groups often place a high value on education and written material was found to be a useful way of sharing information within families. The task group met with David Edwards from Diabetes UK, who told Panel members he is a registered speaker for Diabetes UK. As a representative of Diabetes UK he can go to all schools in the borough and

faith groups to talk to people, giving out information helps both those who have been diagnosed and the carer. They also run a care line. Mr Edwards also said he regularly delivers talks in North London giving advice on fasting to those who have been diagnosed with diabetes. South London mosques tend not to ask for this service. Mr Edwards said he has received specific training on delivering health messages in mosques.

59. Mr Edward recommended and this task group agrees that Merton should run health days. There are avenues we could use to disseminate information; all these are cost effective ways of educating people. We need to provide information in the right places. Other London boroughs who have higher South Asian populations and dedicated budgets to tackle diabetes in these communities often adopt this approach

Support for the voluntary sector

60. The task group see the voluntary and community sector as playing an important role in supporting healthy lifestyles. We visited Asian Elderly a local voluntary group who run a plethora of programmes which has a positive impact on health and wellbeing. They run weekly yoga programmes; invite speakers to discuss issues such as managing health issues and healthy cooking. Many people who attend this group would not attend mainstream services, due to culinary preferences and language barriers. When we spoke to participants, it was clear that more work needs to be done to raise awareness and provide healthy lifestyle messages. It was also clear that services such as this are at the forefront of supporting the prevention agenda. We understand anecdotally that many local organisations are facing funding challenges and need the skills and support to find new revenue streams as well as attract and retain volunteers.
61. The MVSC local directory indicates that there are a significant number of local voluntary organisations who provide support to the south Asian community on diabetes related issues. This task group tried unsuccessfully to engage with this group. However it is organisations such as these who will provide essential services and work closely with the community to provide specialised services.
62. Given our concern about the voluntary sector, we met with the Chief Executive of Merton Voluntary Sector Council (MVSC), to gain a better understanding of the support available to the voluntary and community sector organisations in this time of austerity where many are facing funding crisis and being forced to close. The Chief Executive told us that they provide support to small organisations such as fund raising, governance and

- budgeting advice. Unfortunately many people seek support when they are at crisis point at which time limits the type of interventions that can be provided.
63. In the current climate we were told that it is important that local organisations work in partnership to provide services. There is a competitive and decreasing funding pool and funders want to avoid duplication and overlap.
64. However the task group became aware of wider issues about the need for a targeted approach on how we support groups in the community. We need an overview of the services that exist, an understanding of their specific aims and objectives and the areas that there may be gaps within the sector. We need public health team and Merton Clinical Commissioning Group working with MVSC to map and target our voluntary groups to ensure they are making the most of their resources and send able to signpost and refer people to relevant services when necessary.
65. We need to understand what services are available if they are under threat of closure and how they can work together to support the community.

Recommendations:

6. Merton Voluntary Sector Council (MVSC), MCCG and Public Health to review the services provided to the South Asian Community by the existing voluntary and community organisations (for example faith groups) and consider how these charities can work together, pool their resources, and provide consistent messages on diabetes care and raise awareness.

Councillors supporting local communities

66. In terms of innovation and ideas, some Merton councillors and volunteers have established social clubs for older people. These meet on a weekly basis and tackles loneliness and isolation amongst older people. This highlights that councillors can lead on developing new approaches to supporting communities. A case study from a councillor is set out in **appendix A**

Appendix A

Several social clubs for older people have been established in Merton. Below is an example from Councillor Gilli Lewis-Lavender about how one was set up for those who may choose to follow this example.

Why it was set up

Sadly, often couples lose partners or may have chosen not to marry at all. This can soon develop into all kinds of scenarios, loneliness being one of them. This can lead to depression and feelings of isolation. It is now recognised that this can be one of the underlying causes of dementia.

In addition these situations can be very real reasons why older people develop diabetes eg people living alone might not have healthy diets. They might not exercise regularly- thus put on weight and become physically inactive.

A few simple rules to set up one of these clubs (or even two) in the local area.

1. Establish that there is a need (I am sure there will be)
2. Leaflet your area asking people to express an interest and let them know the kind of activities you are planning to do.
3. Most important find a suitable hall with small kitchen. Negotiate an hourly rate. See if you could get some kind business person to sponsor this (This will be your biggest outlay)
4. Hopefully you will get some replies. So even if it is a small number (don't worry the numbers will snowball) Set up a date for your first meeting (get some teas, coffees and biscuits set up) People always chat better around a cup of tea- A charge £2.00 is appropriate to go towards the cost of the hire of the hall and the cost of provisions.
5. At this first meeting - tell the group what you intend to do, but do give them plenty of opportunity to say what they want from their club. I would be perfectly happy to come along to the first couple of meetings to get you going and to give advice/ contacts where needed
6. Encourage people to tell the group a little about themselves and what they want to get out of the club (but don't force them if they are mortified at the idea)
7. Most people want to meet once a week but that is not set in stone.
8. Here are a few ideas from some of the clubs indicating activities that have been enjoyed in the past.

Speakers

Quizzes

Trips out

9. Encourage club members to take an active role in the running of the club. You will be surprised to discover the wealth of expertise from within your group. You will also be able to find some home grown speakers from your own members who would be willing to talk about a previous job or an interesting hobby
10. Take steps to ensure your members are kept safe.
11. Many members tell me from several different groups that the clubs have changed their lives. Nothing is more joyous for me to visit one of the clubs and be in a room to hear men and women chatting happily and usually roaring with laughter.

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Committee: Cabinet

Date: 14 November 2016

Wards: All

Subject: Scrutiny review of shared and outsourced services

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Councillor Peter Southgate, Chair, Overview and Scrutiny Commission

Contact officer: Julia Regan, Head of Democracy Services, 0208 545 3864

Recommendations:

-
1. That Cabinet considers the report and recommendations (attached in Appendix 1) arising from the scrutiny review of shared and outsourced services undertaken by the Overview and Scrutiny Commission;
 2. That Cabinet agrees to the implementation of the recommendations through an action plan being drawn up by officers in consultation with the lead Cabinet Member to be designated by Cabinet.
 3. That Cabinet decides whether it wishes to formally approve this action plan prior to it being submitted to the Overview and Scrutiny Commission.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To present the scrutiny review report on shared and outsourced services for endorsement and seek approval to implement the review recommendations through an action plan being drawn up

2 DETAILS

- 2.1. The Overview and Scrutiny Commission has recognised that scrutiny members will increasingly be scrutinising services that have been provided or commissioned through a wide range of different channels or mechanisms, as well as scrutinising proposals to move to alternative delivery arrangements.
- 2.2. In order to be able to carry out such scrutiny effectively, the Commission has established two separate task group reviews to increase its knowledge of different models of service provision and the associated implications for scrutiny.
- 2.3. When the Commission received the report of the shared services review in July 2015, it agreed that this would not be presented to Cabinet until the review of outsourced services had also completed. This would enable the cumulative learning and complementary recommendations to be reported together.
- 2.4. The joint report of the shared and outsourced services task group was presented to the Commission on 7 July 2016 and is attached at Appendix 1 for Cabinet's consideration.

3 ALTERNATIVE OPTIONS

- 3.1. The Overview and Scrutiny Commission can select topics for scrutiny review and for other scrutiny work as it sees fit, taking into account views and suggestions from officers, partner organisations and the public.
- 3.2. Cabinet is constitutionally required to receive, consider and respond to scrutiny recommendations within two months of receiving them at a meeting.
- 3.3. Cabinet is not, however, required to agree and implement recommendations from Overview and Scrutiny. Cabinet could agree to implement some, or none, of the recommendations made in the scrutiny review final report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. In carrying out its review, the task group questioned council officers, directors and the chief executive as well as talking to senior managers at Barnet Council and at Richmond and Kingston's social enterprise company Achieving for Children.
- 4.2. Appendix 1 of the task group report lists the written evidence received by the task group and Appendix 2 contains a list of witnesses at each meeting and details of visits made by the task group

5 TIMETABLE

- 5.1. The final report was approved by members of the Commission at its meeting on 7 July 2016 and it was agreed to present the report to Cabinet.
- 5.2. Cabinet is asked to provide a formal response to the Commission within two months

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. None for the purposes of this covering report. Any specific resource implications will be identified and presented to Cabinet prior to agreeing an action plan for implementing the report's recommendations.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. None for the purposes of this report.

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. None for the purposes of this report.

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

Appendix 1 – task group review report on shared and outsourced services

12 BACKGROUND PAPERS

- 12.1. Notes of task group meetings



London Borough of Merton

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

Overview and Scrutiny Commission

July 2016

Task group membership

Councillor Peter Southgate (Chair)
Councillor Hamish Badenoch
Councillor Suzanne Grocott
Councillor Russell Makin
Councillor Imran Uddin

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Acknowledgements

The task group would particularly like to thank the council officers and directors who shared their experiences and thoughts with us.

All contributors are listed in Appendices 1 and 2 of this report.

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Foreword

The pace of change in local government continues to be unrelenting. The reward for proving adept at maintaining the delivery of essential services on sharply reduced budgets appears to be more of the same. But the first round of austerity (2010-15) has exhausted all the easy savings, the current round (2015-20) calls for more radical changes if essential services are not to fail altogether.

This is the background to our review of shared and outsourced services, an open minded approach to their potential benefits and drawbacks for Merton. To date the council has adopted an opportunistic stance, making the best of the circumstances presented to it. We wanted to see what could be learned from these experiences, and whether they could be systematised into a more consistent approach. In particular we were keen to see a more rigorous process of challenge to the *status quo*, to ensure alternatives to current delivery models were properly considered.

In the event, the recommendations we have made are evolutionary rather than revolutionary. So the challenge process is to occur in-house, coming from the Corporate Management Team rather than external consultants. In part this recognises the limitations on financial resources. But it also acknowledges the collective experience of the CMT and its ability to make innovation work within the Merton context. Outsourcing does not mean the abnegation of corporate responsibility.

Yet we remain concerned that service delivery may become less accountable as it moves to third party providers. There is a danger of scrutiny taking place after the event or being missed altogether, if arrangements are not put in place to match the new structures for shared and outsourced services. That is why we are requesting pre-decision scrutiny for large or strategically important services, and inviting the Chief Executive to report annually to the Commission on how the CMT has evaluated and challenged major changes to service delivery.

As Chair, I would like to thank the members of the task group (Cllrs Hamish Badenoch, Suzanne Grocott, Russell Makin and Imran Uddin) for their thoughtful contributions to the review. But above all I would like to thank Julia Regan for her hard work in turning all those thoughtful contributions into a coherent report and succinct set of recommendations – no mean achievement.

Executive Summary

This report presents the findings, conclusions and recommendations of two consecutive task group reviews of shared and outsourced services. The task group has talked to service managers, directors and the chief executive. It has received a number of background policy documents and has reviewed the experiences of other councils. Visits were made to Barnet Council and to Richmond and Kingston's social enterprise company Achieving for Children.

The task group has found that there are considerable benefits to be gained from shared and outsourced service arrangements. What the benefits are will depend on the nature of the services being shared and the model of service delivery that is chosen, but may include financial savings and improvements to service quality. Shared services can provide opportunities to deliver a more specialised service and to offer services that couldn't have been provided by individual authorities.

The council has taken a pragmatic approach towards setting up shared and outsourced services, seizing opportunities as they arose as well as actively seeking partnerships for those services that would benefit from this. Although this approach has served the council well to date, the task group believe that more could be done to provide rigorous challenge to ensure that the most appropriate delivery model is chosen for each service.

Mindful of the financial context, the task group has made a small number of recommendations that can be implemented without a significant investment of time or money. These recommendations are intended to enable the Corporate Management Team to embed a stronger element of challenge to ensure that the council operates in a strategic and innovative way. The task group has recommended the production of a standardised business case that 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.

The task group has recommended that scrutiny continue to take an active role in this work by reviewing the draft business case template, inviting the Chief Executive to report annually to the Overview and Scrutiny Commission on how challenge has been embedded, and receiving reports on the proposed establishment of large or strategically important shared or outsourced services at a various points in time when there is an opportunity to have some influence on its development.

The task group's recommendations run throughout the report and are listed in full overleaf.

List of task group's recommendations

	Responsible decision making body
Recommendation 1 (paragraph 92)	
We recommend 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.	Cabinet CMT
Recommendation 2 (paragraph 95)	
We recommend 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.	Cabinet CMT
Recommendation 3 (paragraph 97)	
We recommend that a draft of the business case template is brought to the Overview and Scrutiny Commission for discussion prior to finalising it.	Cabinet Overview and Scrutiny Commission
Recommendation 4 (paragraph 100)	
We recommend that Cabinet should ensure there is support provided to service managers who are 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.	Cabinet

Recommendation 5 (paragraph 104)	
We recommend 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.	CMT
Recommendation 6 (paragraph 108)	
We recommend 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.	CMT
Recommendation 7 (paragraph 110)	
We recommend 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.	Overview and Scrutiny Commission
Recommendation 8 (paragraph 111)	
We recommend that the Overview and Scrutiny Commission (or relevant Panel) should receive a report on the proposed 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.	Overview and Scrutiny Commission

Report of the Shared and Outsourced Services Scrutiny Task Group

Introduction

Purpose

1. The Overview and Scrutiny Commission has recognised that scrutiny members will increasingly be scrutinising services that have been provided or commissioned through a wide range of different channels or mechanisms, as well as scrutinising proposals to move to alternative delivery arrangements.
2. In order to be able to carry out such scrutiny effectively, the Commission, on 29 January 2015 and at subsequent meetings, resolved to set up a series of task group reviews to increase its knowledge of different models of service provision and the associated implications for scrutiny.
3. Two such reviews have been carried out, one on shared services and one on outsourced services and, due to the cumulative learning experienced, they are presented jointly in this report.
4. The terms of reference for the work on shared services were:
 - to examine a range of examples of shared service provision in Merton and elsewhere;
 - to identify the potential advantages and challenges of shared service provision for the council, its partners and local residents;
 - to identify the best approach to scrutinising shared services to ensure that the council is receiving value for money and effective service provision.
5. The terms of reference for the work on outsourced services were:
 - to examine a range of examples of outsourced service provision in Merton and elsewhere, taking a broad definition of outsourcing to encompass council owned trading companies, staff-led social enterprises or mutuals as well as contracts with private and third sector organisations;
 - to investigate and advise on the advantages and challenges that a whole-council approach to outsourcing would bring to Merton;
 - to make recommendations that would support a more rigorous approach to the evaluation of alternative models to in-house delivery of services.
6. The Commission agreed to take a different approach to the outsourced service review so that it could contribute more substantially to policy development and to budget savings. The task group was therefore asked to investigate the hypothesis that Merton would benefit from a whole-council approach to outsourcing.
7. Members agreed that this should not amount to taking an ideological position such as advocating outsourcing for all services but would provide an expectation that alternatives to in-house delivery would be

actively considered instead of continuing to take a "salami-slicing" approach to savings proposals.

What the task group did

8. The task group has had eight formal meetings plus a number of discussions with service managers, directors and the chief executive. It has received a presentation on shared service definitions and models, a list of current shared services in Merton and a number of background policy documents.
9. Task group members spoke to directors and managers of existing shared services in Merton as well as managers who had been involved in discussions with another authority but these discussions had not proceeded to the establishment of a shared service.
10. In relation to outsourcing, task group members have visited Barnet Council to talk to senior council and Capita managers about the "One Barnet" programme. A visit was also made to Richmond and Kingston's social enterprise company Achieving for Children to discuss their delivery model.
11. The task group has also received written information about the outsourcing strategy and experiences of a number of other councils, including Bedfordshire, Northamptonshire and Somerset .
12. Appendix 1 lists the written evidence received by the task group and Appendix 2 contains a list of witnesses at each meeting.
13. This report sets out the task group's findings, conclusions and recommendations. The task group's recommendations run throughout the report and are set out in full in the executive summary at the front of this document.

FINDINGS - SHARED SERVICES

What is a shared service?

14. Essentially a shared service involves two or more organisations agreeing to join forces to provide or commission a service, part of a service or combination of services jointly rather than separately. The Chartered Institute of Public Finance and Accountancy (CIPFA) has provided an all encompassing definition:

“working together across organisational boundaries to achieve together what would be more difficult alone” (CIPFA 2010).

15. During this review we have heard that there are various different models for the operation of a shared service. The three models that have been most commonly used in Merton to date are:
- Principal partner led, whereby one lead organisation assumes responsibility for running defined services for other organisations under formal delegated arrangements. The lead organisation delivers the service with its own (or seconded) resources; the other partners “purchase” the service from the lead. An example of this is the South London Legal Partnership (where Merton is the lead).
 - Jointly managed services, whereby a formal arrangement is established for a defined purpose, which delivers services back to its partners or directly to the public. An example of this is the shared regulatory service (environmental health, trading standards and licensing) which is governed by the Joint Regulatory Service Committee of councillors from Merton and Richmond.
 - Joint working, whereby each partner acts independently and retains responsibility for the service in-house. An example of this approach is the South London Waste Partnership for the joint procurement of services.
16. Appendix 3 contains a list of shared services to which Merton Council belonged in May 2015.
17. The shared service approach could be combined with other models of service delivery, for example:
- Public- private partnership, typically a medium to long term arrangement whereby some of the service obligations of public sector organisations are provided by one or more private sector companies. A possible example of this is the tri borough partnership with BT on back office functions.
 - Outsourcing, whereby a third party provider takes full responsibility for managing and operating services on behalf of more than one public sector organisation. It would be possible for the South London Waste Partnership to operate in this way in future.

Benefits of shared services

18. We were struck by the enthusiasm with which managers of existing shared service spoke of the benefits that sharing had brought to their services. These benefits have been wide ranging and we have grouped the impact into three headings in order to capture them below – finance, customers and staff.

Finance

19. The council has achieved considerable financial savings through sharing services with other boroughs. These have been achieved through economies of scale on service delivery and procurement of services and systems, reduction of staff numbers, service delivery efficiencies and rationalisation of systems.
20. We heard that:
- the South London Legal Partnership has reduced Merton's legal services budget by 16-20% since 2011 by reducing the overall number of staff through sharing with three other councils and reducing the hourly charge to the council from £68 to £55.
 - The shared regulatory service (environmental health, trading standards and licensing teams) has reduced Merton's related budget by c22% since 2014 by reorganising and reducing management (phase 1 and operational posts (phase 2). Phase 2 will involve losing around 8FTE from 43 operational staff.
 - Merton has saved 45% from the HR shared service since 2009. Overall, staff numbers have reduced from 130 to 90, with greater savings at senior levels. Joint procurement and business process re-engineering have also made a significant contribution to savings.
21. The managers we spoke to pointed out that one of the advantages of a shared service is that it can provide some resilience once savings have been made.
22. We were advised that establishing a shared service does not in itself create savings. As with all delivery models, savings are made through analysing costs, breaking the service down into component parts, redesigning the structure and processes to create a more efficient service that is fit for purpose and can be delivered within the available budget.

Impact on customers

23. We heard that sharing services can lead to a better quality service plus opportunities to provide services that wouldn't have been possible within a single authority. For example, the South London Legal Partnership has been able to provide services to its (internal) customers at a lower cost

than previously as well as providing greater specialist knowledge and experience.

24. The manager of the South London Legal Partnership encourages the lawyers to walk round and talk to staff when they are in each of the client boroughs in order to maintain the service's visibility and foster clients' perception that they have an in-house legal team.
25. As many of the shared services we scrutinised predominantly have internal customers, we have been unable to assess the impact that sharing services might have on Merton residents.

Staffing

26. We were interested to hear that there are considerable advantages for staff joining a shared service, particularly in giving them access to work experience that they wouldn't have had in their own borough, a peer group for very specialised areas and more opportunities for career advancement. We were told that in some instances the move to a shared service had provided a catalyst for change and had reinvigorated the workforce.
27. We also heard that an effective and well regarded shared service is in a stronger position to attract better staff than a single borough service that may be too small to provide a range of professional experience for career development purposes. For services where there is a high turnover of staff, a shared service can provide continuity and resilience.
28. The quality of leadership, particularly having a service manager who is positive and committed to the shared service, is of vital importance. Such leadership will help to enthuse staff and guide them through the new ways of working that are required to make shared services successful but initially can be threatening or difficult for staff. We are mindful that senior staff are more likely to be made redundant when shared services are introduced due to restructuring and reduction in senior posts.

Being the lead borough

29. We asked officers whether there were advantages in being the lead borough. They said the answer to this will depend on the service concerned. It can be a boost to staff morale or it can be threatening if staff are not comfortable with change. Team dynamics vary and whether the team is predominantly office based or mobile ("out in the field") will also impact on this.
30. We heard that it is important to be able to retain the borough's distinctive image for both internal and external customers.

Shared services – general principles

31. The willingness of other organisations to share is clearly crucial in being able to establish a shared service, as well as mutual trust and a shared vision for the service(s) in question. Having senior stakeholders (both officers and members) on board is essential. Our discussions indicate that the lack of full commitment from a suitable partner is the main factor when shared service negotiations fail to come to fruition.
32. Merton has partnered with a variety of boroughs over the years, as shown in the list of shared services in Appendix 3. Merton's options sub-regionally are more limited now that Richmond and Wandsworth have a formal agreement to partner with each other. It would be possible for Merton to join individual shared services jointly established by Richmond and Wandsworth. Those councils would make decisions on a case by case basis but there is often a preference to start shared services on a small scale and having three boroughs could be too complex initially for some services.
33. We heard that the culture of the organisations and/or individual services plus political factors have an influence on the likelihood of a proposed shared service going ahead. Officers told us that it can be difficult to read this in advance of starting discussions on a proposed shared service. We understand that these factors are less of an issue for services such as environmental services because the legislative requirements involved have resulted in less scope for local differences in service provision.
34. We asked officers whether there would be a natural size limit for a shared service. They told us that this would depend on the nature of the service and the extent to which geographical considerations would be a factor in the provision of the service. The officers agreed that its best to start with two boroughs and build up once it is working.
35. We also discussed the potential for commissioning services jointly with other authorities. The directors provided a number of existing examples of this:
 - Human Resources operates recruitment and occupational health contracts jointly with other local authorities, some of these contracts have 100 member authorities.
 - The libraries service is already part of a 16 borough consortium for stock ordering.
 - Merton has reserved the option to buy into the Londonwide street lighting contract in future and would be one of potentially 32 boroughs, with Transport for London being the biggest partner – the decision will be dependent on price.
 - There is a regional commissioning consortia on children's' services that has successfully driven down prices on aspects of provision to children's homes and independent special schools.

36. We were informed that the number of authorities taking part in shared commissioning would depend on the nature of the service, size of the authorities concerned and whether geography is a factor in service provision.
37. The establishment of new shared service arrangements is dependent on the willingness of other boroughs to participate and their attitude to partnership versus leading and that this was a limiting factor in the choice of partner. There may be an unwillingness to share with a partner whose service is considerably larger due to the danger of being “swallowed up” and thereby losing the Merton service ethos. Similarly the council would not seek to share with a struggling service as this would not yield benefits to Merton. These factors explain the council’s current patchwork of shared services arrangements.

FINDINGS – OUTSOURCED SERVICES

Outsourcing in Merton

38. Outsourcing is the use of third party specialists to deliver a particular business function or process. When a local authority or other public sector body outsources an operation it usually maintains full control and accountability for that service. Outsourcing has been used extensively by local authorities for some decades.
39. The Council's Procurement Strategy, 2013-2016, states that the council spends approximately £170m each year on goods and services on behalf of Merton's residents. The range of goods and services is varied, but includes services for schools, waste collection, care services for children and adults, maintaining the highways, parks and services, encouraging business growth and major construction works.
40. The Council has a number of significant contracts that have outsourced specific services, some of which are longstanding:

Highway maintenance – FM Conway

41. FM Conway has a longstanding relationship with Merton Council and has provided the council with a range of services including highway maintenance, carriageway surfacing, lining, civil engineering, traffic management and drainage works since September 2005.
42. The current highway works and services contract started on 1 September 2012 to run for 5 years with facility to extend for a further 2 years. The contract value 2012/13 is £5m.
43. A report to Cabinet on 18 July 2011 set out the service models considered by officers at that time, including a potential wide ranging pan-London contract with Transport for London, the London boroughs and the City of London. These were described in detail and the advantages and disadvantages of each were provided - considerations included cost, timing and other logistics as well as legal advice.

Street lighting – Cartledge (Kier May Gurney)

44. The most recent street lighting maintenance and improvement contract started in September 2009 for 5 years plus facility to extend for 2 years. The 2012/13 contract value was £1.1m. A report to Cabinet on 20 January 2014, seeking to extend the contract, set out performance on key indicators plus details of innovation and improvement made by the contractor.

Leisure centres – Greenwich leisure Limited (GLL)

45. Greenwich Leisure Limited (known as GLL) is a staff led leisure trust with a social enterprise structure, founded in 1993 in response to Greenwich Council's need to find a new way to run its leisure centres

due to funding reductions. GLL is a registered charity and re-invests any surpluses into its services.

46. GLL has managed Merton's leisure centres for many years. The most recent leisure centre management contract started on 1 December 2010 for a period of 15 years (see report to Cabinet on 21 June 2010). The contract includes the option to extend for up to 2 years and a break clause exercisable by the Council at year 7.
47. In order to ensure that this contract delivers sports, health and physical activity, recreational pursuits and also contribute to the wider outcomes for local people a number of mechanisms have been put in place that detail the specific requirements as well as allowing flexibility for change during the life of the contract

South London Waste Partnership

48. Cabinet, in November 2014, agreed to the commencement of a process of joint procurement of an integrated 25 year contract with Croydon, Kingston and Sutton that will take advantage of economies of scale for waste collection, street cleaning, winter maintenance, commercial waste and vehicle maintenance. The Partnership expects to achieve annual revenue savings on waste management of at least 10% or c£5m across the 4 boroughs – Merton's share would be around £909k per annum.

What are other authorities doing?

49. We examined written information on the experiences of a number of other local authorities in order to identify the potential scope for outsourcing, for achieving savings through outsourcing and to learn lessons both from successes and from problems that had been encountered.
50. Research by NelsonHall found that IT is the service that is most commonly outsourced and that business processes such as customer services, contact centre services, human resources, pensions and payroll are all now commonly outsourced by the public sector.
51. The examples that we found of large outsourcing contracts confirm those research findings:
 - LB Harrow – plans to save 20% on current ICT spending through a £37m five year outsourcing contract with Sopra Steria.
 - Sefton MBC – entered into a 10 year public-private partnership with Arvato in 2008 for delivery of customer services, revenues and benefits, payrolls, pensions, transactional HR and ICT. The agreed target of 10% savings has been achieved
 - LB Barnet - contract with Capita for back office and customer services. To drive down costs, the contact centre is in Coventry,

revenues and benefits in Lancashire and HR in Belfast. This and a second contract with Capita (see next paragraph below) are guaranteed to save the council £126m over 10 years.

52. We have found examples of outsourcing contracts now moving beyond business processes to frontline delivery:
 - Trafford – announced in March 2015 that it had selected Amey LG to manage its economic growth, environment and infrastructure services. The contract involves the delivery of a minimum of 20% savings against the net budget and the transfer of around 250 staff.
 - Barnet – signed two contracts with Capita in August 2013 – one for the delivery of a range of back office services and one covering frontline services, including highways, planning, regeneration, environmental health and trading standards
53. We noted that Northamptonshire County Council is planning to outsource all services through its “Next Generation Council” model, including a children’s services mutual to deliver safeguarding and other services for young people.
54. We visited Achieving for Children and Barnet Council to discuss their innovative service delivery models. These visits were very helpful and have enabled us to provide an effective element of challenge in our discussions with Merton’s Chief Executive and Directors. Our findings from these visits are set out overleaf.
55. We also found examples of ambitious outsourcing plans that had subsequently been curtailed to some extent:
 - Somerset County Council - contract from 2007 to 2017 with the joint venture company Southwest One (75% owned by IBM) to carry out administrative and back office tasks for the county council, Taunton Deane Borough Council and Avon and Somerset Police. Terminated a year early by Somerset County Council - in 2013 the council paid £5.9m to settle a contract dispute with the partnership.
 - Cambridgeshire and Peterborough Clinical Commissioning Group - ended a five year £800m outsourcing contract after just eight months because “the current arrangement is no longer financially sustainable”. The contract was with UnitingCare (a consortium of Cambridgeshire and Peterborough NHS Foundation Trust and Cambridge University Hospitals NHS Foundation Trust) to provide older people and adult community healthcare, urgent care and mental health services.
 - Middlesbrough Council - Middlesbrough - recently pulled back from plans to outsource all services following local council elections.

Report of visit to Barnet – One Barnet programme:

56. Barnet is the largest London borough in terms of population size (367,000) and is relatively affluent, with some deprived areas. There has been new housing development and this has benefitted the council through an increased council tax base. Barnet has a mixed economy of service providers including a handful of large commissioned contracts, 3 shared services and a local authority trading company.
57. Barnet Council has saved £75m (25% of its budget) from 2010-2015 with limited impact on frontline services. In real terms in 2020 it will be spending half the amount spent in 2010. About $\frac{3}{4}$ of the council's budget is spent on adult and children's social care services, from which savings have been achieved through demand management and workforce restructuring. Officers estimated that commissioning in relation to the other $\frac{1}{4}$ of the budget has delivered around $\frac{1}{4}$ to $\frac{1}{3}$ of the total £75m saving.
58. Success factors and lessons learned –
- Planning ahead - the One Barnet programme is a long term project dating back to 2008 and planning ahead has been crucial to its success.
 - Member engagement - members have been very engaged in the programme and acknowledged the shrinking resource, growing demand and changing customer expectations early on.
 - Clear objectives - the approach has been to start by identifying what the council wants to achieve with the service and then to identify the best way of providing that.
 - Preparation – management layers have been removed and efficiency savings taken wherever possible prior to contracting out or entering a shared service arrangement
 - Invest to save - used earmarked reserves to invest in order to make savings through commissioning services. In the early years there was heavy reliance on the purchase of external expertise on commissioning, now reduced as council officers have built up their in-house expertise. The council also invested in new systems to produce efficiencies and increase self-serve by customers (both internal and external customers).
 - Partnership – the contractors are co-located in the civic centre alongside council officers
 - Separation of commissioning and delivery in the officer and governance structures
 - Officers are encouraged to be entrepreneurial - middle managers have been proactive in identifying opportunities for growth – e.g. running elements of Enfield's pest control service and undertaking cremations for West London Crematorium.
 - Barnet Lab uses data to identify problems and to bring stakeholders together to collectively identify solutions

Report of visit to Achieving for Children

59. Achieving for Children (AfC) is a social enterprise company, launched on 1 April 2014, by the Royal Borough of Kingston upon Thames and the London Borough of Richmond upon Thames to provide their children's services. It is a community interest company wholly owned by the councils, employing 1200 people (700 FTE).
60. There was a long lead-in to the establishment of AfC. The change of political control of Richmond Council in 2010 resulted in an aspiration to become a commissioning council. The Director of Children's Services had discussions with Kingston Council at the time but the catalyst for taking this forward was a poor report from Ofsted in 2012 for Kingston's safeguarding and looked after children's services, followed by the departure of Kingston's Director.
61. As a social enterprise company, AfC has a trading arm that can sell services to other local authorities and re-invest in core services. AfC is currently providing services to three other local authorities. A careful balance is maintained between core and traded services.
62. Governance is through a joint committee with 3 councillors from each council plus a Board of Directors appointed by the joint committee (4 non-executive directors with relevant professional expertise plus 4 council employees).
63. The performance management framework is extensive, consisting of data, quality framework and compliance mechanisms. These are reported to the joint committee and to a senior officer board at each council. AfC attends scrutiny meetings when required to do so.
64. Funding is provided by each council according to local need rather than on a 50:50 basis. Efficiency savings have been made either through re-commissioning or provision of savings targets. There have been different targets for each council so management of this has been complex, particularly in the context of growth in demand. AfC is on track to deliver the efficiencies set out in its five year plan. It has used its increased buying power to negotiate on placement costs, it has developed innovative projects that have delivered efficiencies and the replication of the Kingston model of SEN transport in Richmond is also expected to deliver some savings.

Outsourcing - general principles

65. Our discussion with Merton's directors illustrated the complexity and diversity of the council's service provision but also pinpointed circumstances in which outsourcing would be beneficial to the council. In particular, that outsourcing can deliver service at lower cost for certain services, particularly those with a mix of high volumes and low complexity and a higher proportion of manual workers (e.g. school meal service). Similarly, the more tightly defined services (such as street cleaning) lend themselves to a clearly specified contract that can deliver savings.
66. Outsourcing is the best option if the service provided is cheaper and better than other delivery models. Where there are economies of scale, such as for waste collection, shared commissioning to outsource jointly with other boroughs is being pursued.
67. We noted that it is good practice to maximise the efficiency of a service prior to externalising so that the council has maximum benefit from the savings. This helps to counteract the tendency for contractors to skim off easy savings and leave more difficult tasks to councils. We also noted that efficient services were in a strong position to take on services in other authorities through a shared service or a social enterprise arrangement (e.g. Achieving for Children).
68. Where there is high complexity, outsourcing is unlikely to be the best option. In particular, statutory services that are heavily regulated (such as child safeguarding) require extensive client-side management to provide adequate reassurance regarding quality and standards – this makes commissioning such services a relatively expensive option for councils.
69. To date much of the cost saving through outsourcing has been driven by staff turnover that enables the contractors to set new reduced terms and conditions for new staff. We noted that the introduction of the new national living wage is likely to reduce the opportunity for such cost savings in future.
70. We heard that the nature of the external market, especially the number of providers, has a key impact on price and may limit the financial advantages of outsourcing. We are mindful of the 2013 National Audit Office report which found that four large contractors accounted for a significant proportion of public sector outsourcing in the UK.
71. We were informed that where there are a limited number of service providers that staff can work for (e.g. children's social workers), there is competition between providers and staff can be poached – staff costs are therefore unlikely to be unaffected by model of delivery.
72. We understand that the potential for a staff mutual is greatest where there is a weak external market, a clear product, defined delivery method

and a group of staff that are prepared to take a risk. Staff are less likely to seek to form mutuals as a cost saving measure for services where costs mainly comprise salaries.

73. We heard that control over service provision is another key consideration. Where delivery is almost entirely outsourced, such as care homes for older people, councils are considering ways of exerting greater control over provision due to cost escalation in the market, including possibility of returning to some elements of in-house provision. Similarly, a number of councils have reverted from ALMOs back to in-house management of council housing
74. Finally, we noted that the 2013 National Audit Office report raised concerns over how well contracts are managed, poor value for money from contracts and dependence upon major providers. Contractors are not covered by the Freedom of Information Act though they may provide information voluntarily and contracts may specify requirements for openness.

FINDINGS - DECISION MAKING PROCESSES

Merton's Target Operating Model

75. The council has used the development of series of strategy documents known as Target Operating Models (TOMs) to set out how it will deliver its services within a certain structure at a future point in time. There are a number of elements (or layers) to a TOM; for Merton these are – customer segments, channels, services, organisation, processes, information, technology, physical location and people. We were informed that the TOMs have been used as a key way of encouraging service managers to consider different ways of providing services.
76. The directors described to us how they assessed the optimum model for each service, commissioning business cases where appropriate and taking into account pertinent factors such as costs, financial and other benefits, availability of partners and whether there is a mature private sector market for the service. The existence of a private sector market makes it possible to estimate potential savings in advance. Without this it is more difficult to predict what savings may be achieved from outsourcing.
77. The directors have sought to identify and discuss potential outsourcing opportunities, shared services and other ways of working in partnership for a number of years. For example, a sub regional network of directors of environment and regeneration was established five years ago and they have identified where the boroughs may have an interest in collaborating.
78. We were pleased to hear that the council is in discussion with other south west London boroughs regarding infrastructure services such as IT and finance in order to identify opportunities to procure the same systems in future. This should achieve cost savings as well as making it easier to support shared service arrangements between those boroughs.
79. We explored the extent to which the decision making on individual services had been opportunistic or part of an overall plan. We heard that a mix of the two was usually involved. In relation to shared services, the balance has shifted over time from opportunistic towards planned as the council has had more direct experience of the benefits that shared services can bring.
80. We were impressed with the detailed knowledge that the directors have regarding their services and the principles to apply to each when considering the most appropriate model of service delivery. Their flexible and pragmatic approach to identifying models on a service by service basis has worked well for Merton to date.
81. We discussed with the directors and with the chief executive the feasibility of having a service model in which all services were outsourced. They stated that having the flexibility to select the most

appropriate option for each service would work best for Merton rather than being constrained to a single model of service delivery. They stressed that service delivery models are kept under constant review and are adapted as circumstances change. They maintained that the TOM process provides well for this constant review and challenge.

82. The directors and the chief executive cautioned against generalising from Barnet's model as this had been underpinned by Barnet's ability to generate income through growth in council tax and business rates in a way that is not possible in Merton.
83. The directors stated that they are not opposed to outsourcing in principle and that they would continue to outsource services where this was the most appropriate model for that service. For example, the Director of Environment and Regeneration estimated that by 2017 more than 50% of the council's environment and regeneration services would be outsourced through a variety of different models.

CONCLUSIONS AND RECOMMENDATIONS

84. In deliberating on the best way to approach our recommendations, our overarching aim has been to ensure that the decision making process for identifying the most appropriate delivery model for each service is sufficiently rigorous.
85. We have been mindful of the financial challenges facing the council and have therefore chosen to limit ourselves to a small number of recommendations that can be implemented without a significant investment of time or finance. A number of potential recommendations that we discussed have therefore not been included in this report as we do not believe they are achievable in the current climate. These include the adoption of commissioning as the default option for service provision and the establishment of a strategic unit within the council to provide robust independent challenge and data analysis such as that undertaken by the Barnet Lab.
86. We have taken the view that it would not be appropriate for the task group to dictate the permutations of service delivery models and that no single model will fit for every service. A mixed approach will continue to be needed but there must be a stronger element of challenge to ensure that the council operates in a strategic and innovative way. The role of the Corporate Management Team is central to embedding challenge and we hope that our recommendations will support them in doing this.
87. We note that the current approach has enabled Merton to make savings of a similar proportion of budget to those achieved by Barnet since 2010. We do however have concerns about whether this will be sufficient to meet future challenges, in particular those posed by a changed funding environment in which council income is chiefly derived from council tax and business rates.
88. We are convinced that there are considerable benefits to be gained from shared and outsourced service arrangements. What the benefits are will depend on the nature of the services being shared and the model of service delivery that is chosen, but may include:
 - financial savings through economies of scale, service delivery efficiencies, reduction in staff numbers and rationalisation of IT and other systems
 - better quality service provided to customers at lower cost to each authority
89. Furthermore, shared services can provide opportunities to deliver a more specialised service and to offer services that couldn't have been provided by individual authorities as well as opportunities for staff development and resilience for services facing budget cuts.

90. We accept that the appropriate starting place is to review and agree for each service what the service should provide and then identify the best way to provide it. We do, however, have a number of concerns about the way in which the Target Operating Model has been used to date.
91. Our main concern is that the Target Operating Model has a tendency to deliver more of the same rather than a radically new approach. In particular, we would like to ensure that pre-conceptions are challenged and that there is an avoidance of the current service delivery model becoming the default option. We question whether Merton's implementation of the TOM has been sufficiently systematic and rigorous in providing challenge. We also have concerns that that the financial position has been the predominant factor in shaping the strategic approach. We would like to see an equal emphasis on quality as well as on cost reduction.
92. **We recommend 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. (recommendation 1)**
93. Directors and senior managers told us how useful the development of a business case is in identifying whether a shared or outsourced service is the best option, guiding the negotiations of the authority and identifying where savings and other efficiencies could be made. We heard that this is useful even where the proposed shared or outsourced service did not go ahead and that the information would provide a baseline for any future discussion of shared services or other delivery models.
94. We believe that there is scope to increase the consistency and transparency of decision making through a standardised approach to developing a business case.
95. **We recommend 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. (recommendation 2)**
96. We believe that the development of a standardised business case would benefit from input from scrutiny members and to check that the proposed template meets the requirements of this task group's recommendations.

97. **We therefore recommend that a draft of the business case template is brought to the Overview and Scrutiny Commission for discussion prior to finalising it. (recommendation 3)**
98. We wish to ensure that officers who are exploring the feasibility of establishing a new shared or outsourced services are able to draw on expertise and support from within the council.
99. We were impressed by the “close down” report that was produced to document the learning from the establishment of the South London Legal Partnership (our four-borough shared legal service) and believe that this could be used as the starting point in the development of a checklist of issues to be taken into consideration by service managers.
100. **We recommend that Cabinet should ensure there is support provided to service managers who are 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. (recommendation 4)**
101. We have given some thought to whether a separation of strategic thinkers from service delivery would provide the right environment for robust independent challenge within the organisation. We are mindful of financial constraints and would wish this to be cost neutral.
102. We discussed this matter with the chief executive and were advised that the work previously done by Deloitte found that the strategic planning of services is best done by those closest to service delivery. The key to making this work well is to ensure that service managers have the appropriate skills to be able to think strategically and that senior managers have the information and skills to provide support and challenge.
103. We therefore wish to encourage service managers to find out what is happening elsewhere and to draw on best practice in order to improve service delivery.
104. **We recommend 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. (recommendation 5)**
105. We heard that the provision of support from the council’s IT, HR, finance and facilities teams has been crucial in ensuring that shared services

work effectively from the outset. This was particularly important for the South London Legal Partnership (Merton lead) as staff are based off-site at Gifford House in Morden with space and Merton wi-fi provision in each of the boroughs.

106. We believe that, in order to provide effective support to shared services during the development phase and subsequently, it would be helpful to provide a briefing to those corporate teams that are most likely to be called upon to provide support. This would increase their understanding of the shared service delivery model and its needs and support requirements.
107. We think that there may be a number of issues that the managers of shared services face that would benefit from being shared with the Corporate Management Team so that they can address these in a corporate way. These may include issues such as HR and IT policies and procedures, systems, communication mechanisms for staff, support for managers during preparation for and subsequent establishment of shared service, model of charging for overheads, modelling a fair approach for future savings
- 108. We recommend 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. (recommendation 6)**
109. It is unclear to us the extent to which different models of service delivery are being seriously considered and where these decisions are taking place. This may well be happening but the lack of visibility to councillors on whether this is done and how alternatives are evaluated is of concern.
- 110. We recommend 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. (recommendation 7)**
- 111. We further recommend that that the Overview and Scrutiny Commission (or relevant Panel) should receive a report on the proposed 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. (recommendation 8)**

112. We note that governance to shared services is provided in a number of different ways including joint committees that meet in public or a governance board. Overview and scrutiny will therefore be proportionate to the governance arrangements that are in place in order to avoid duplicating the function of elected members on any governance committee that has been established. Appendix 3 contains information on the governance arrangements for Merton's current shared services.

What happens next?

113. This task group was established by the Council's Overview and Scrutiny Commission and so this report will be presented to its meeting on 7 July 2016 for the Commission's approval.

114. The Commission will then send the report to the Council's Cabinet on 19 September 2016 for initial discussion.

115. Once Cabinet has received the task group report, it will be asked to provide a formal response to the Commission within two months.

116. The Cabinet will be asked to respond to each of the task group's recommendations, setting out whether the recommendation is accepted and how and when it will be implemented. If the Cabinet is unable to support and implement some of the recommendations, then it is expected that clearly stated reasons will be provided for each.

117. The lead Cabinet Member (or officer to whom this work is delegated) should ensure that other organisations to whom recommendations have been directed are contacted and that their response to those recommendations is included in the report.

118. A further report will be sought by the Commission six months after the Cabinet response has been received, giving an update on progress with implementation of the recommendations.

Appendices

Appendix 1: written evidence

Shared services – definition and models of delivery – powerpoint presentation, Sophie Ellis, Assistant Director of Business Improvement, 27 May 2015

List of Merton Shared Services – snapshot May 2015

Shared services and commissioning, policy briefing 10, Centre for Public Scrutiny, May 2011

Extract from 4 Borough Shared Legal Services: close down report

Email from Yvette Stanley, Director of Children, Schools and Families, June 2015

News report on Northamptonshire County Council plans to outsource all services, February 2015

News report on Middlesbrough Council decision to cease plans to outsource key services, June 2015

News report on LB Harrow's plan for 5 year ICT contract, April 2015

Information on Watford Borough Council outsourced services scrutiny panel

Hertfordshire County Council corporate outsourcing strategy

LB Southwark scrutiny review of outsourcing and procurement

Article from National Outsourcing Association

House of Commons Library Briefing paper – local government, new models of service delivery, May 2015

Northamptonshire – the next generation council. Extract from Business Plan 2015-2020

Appendix 2: list of oral evidence

Witnesses at task group meetings:

Sophie Ellis, Assistant Director of Business Improvement, 2 April, 27 May, 6 July, 4 August and 14 October 2015

Dean Shoemith, Joint Head of Human Resources, 27 May 2015

Paul Evans, Assistant Director Corporate Governance, 27 May 2015

John Hill, Head of Public Protection, 27 May 2015

Paul Foster, Head of the Regulatory Services Partnership, 27 May 2015

Caroline Holland, Director of Corporate Services, 14 October 2015

Chris Lee, Director of Environment and Regeneration, 14 October 2015

Yvette Stanley, Director of Children, Schools and Families, 14 October 2015

Simon Williams, Director of Community and Housing, 14 October 2015

Ged Curran, Chief Executive, 9 March and 10 May 2016

Councillor Mark Allison, Cabinet Member for Finance, 10 May 2016

Witnesses at discussion meetings

Anthony Hopkins, Head of Library & Heritage Services, 8 June 2015

Chris Lee, Director of Environment and Regeneration, 10 June 2015

Simon Williams, Director of Community and Housing, 10 June 2015

James McGinlay, Head of Sustainable Communities, 15 June 2015

Gareth Young, Business Partner C&H, 15 June 2015

Visit to Achieving for Children, 12 October 2015

Ian Dodds, Director of Standards, Achieving for Children
Councillors Peter Southgate and Russell Makin

Visit to Barnet Council, 30 November 2015

Barnet officers:

John Hooton, Chief Operating Officer

Stephen Evans, Director of Strategy and Communications

Tom Pike, Strategic Lead for Programmes and Resources

Mark D, Capita Partnership Director

Councillors Peter Southgate, Hamish Badenoch, Suzanne Grocott and
Russell Makin

LBM Shared Services –Snapshot May 2015 (revised)

Service Area	Arrangement	Governance
Children & young people		
Adoption recruitment	Pooled resources - LBRuT, RBK, LBS, LBM	Sponsoring Group - Directors of the four agencies . Strategic Board – heads of service. Operational Group – team managers.
School governors	shared management agreement- LBM, LBS LBM is host authority and invoices Sutton for the agreed costs	The authorised officers for the service are: LB Merton: Head of School Improvement LB Sutton: Head of Improvement and Support. There are no elected members involved
School admissions service	Shared - LBM, LBS LBM is host authority	No joint governance board as such. The School Admissions Manager works within the line management of Merton when here (reporting to Service Manager - Contracts & School Organisation), and that of Sutton Executive Head of Education & Early Intervention when there
Travellers education service	Shared - LBM, LBS Sutton is host authority	TBC
Out of hours children's social care duty service	4 boroughs. Hosted by Sutton	Operational board at service manager level with escalations through Assistant Directors
Adult social care		
Shared Social Care Emergency Duty System	Joint working arrangement - LBM, LBR, LBS, RBK Richmond is the Host Authority The contract has not been reviewed since its inception No staff were TUPE'd, staff formally work for London Borough of Richmond Arrangement not open for new member to join	TBC

Service Area	Arrangement	Governance
HR		
Organisational development	Shared - LBM, LBS LBS is host authority In October 2009 Merton HR employees TUPE'd to Sutton.	Joint Governance Board with chief executives under collaboration agreement
HR management	Shared - LBM, LBS LBS is host authority In October 2009 Merton HR employees TUPE'd to Sutton.	Joint Governance Board with chief executives under collaboration agreement
Other HR functions	Shared - LBM, LBS LBS is host authority In October 2009 Merton HR employees TUPE'd to Sutton.	Joint Governance Board with chief executives under collaboration agreement
Payroll IT system	Shared - LBM, LBR, LBS, RBK LBS is host authority In October 2009 Merton HR employees TUPE'd to Sutton.	Joint Governance Board with directors under collaboration agreement
Governance		
Legal	collaboration agreement - LBM, LBR, LBS, RBK LBM is host authority The shared service continues until termination provisions are implemented in accordance with the agreement. Staff are TUPE'd – work for LBM	Governance Board which comprises of the Director of Corporate Services from Merton, the Director of Finance and Corporate Services from Richmond, the Director of Resources from Sutton and the Executive Head of Organisational Development and Strategic Business from Kingston. The Assistant Director of Corporate Governance and Joint Head of Legal Services from Merton and the Monitoring Officer from Kingston are required to attend but do not have a vote. There are no councillors on the Governance Board.
Internal audit	In-house There is a proposal to join LBR & RBK by end 2015	n/a

Service Area	Arrangement	Governance
Finance		
Pensions IT system	LBM purchase them from LB Wandsworth, as part of a contractual delegation under S.101 of the 1972 Local Government Act	Managed by LBM as a commissioned service
Pensions service		
Bailiffs service	<p>Joint working arrangement - LBM, LBS</p> <p>LBM staff only</p> <p>Sutton pays a contribution to cover running costs and share surplus (note this is a self financed service)</p> <p>Rolling contract with minimum notice time to drop out</p> <p>Arrangement is open to new member (but it will require a re-negotiation of the redistribution of the surplus)</p>	The board is comprised of Director of Corporate Services for both Councils and Head of Revenues and Benefits for both
Environment		
Transportation	Shared - LBM hosts service for LBS	The Transport section are in the process of tendering for a shared Taxi framework with Sutton, Richmond and Kingston (Sutton leading). That framework will be in place later this summer for to allow call off of new SEN Home To School contracts by the beginning of the school term.

Service Area	Arrangement	Governance
Regulatory services (ie Environmental Health/Trading Standards and Licensing)	Shared service currently consisting of LBM and LBR and operational since August 1st 2014. Service hosted and led by Merton. LBR staff TUPE'd	<p>The governance for the shared regulatory service consists of (1) a management board and (2) a joint regulatory committee.</p> <p>The management board consists of me, John Hill and Jon Freer (an AD at Richmond).</p> <p>The Joint Regulatory Committee consists of four councillors, two from each Council. The make-up is as follows:</p> <p><u>Richmond</u></p> <ul style="list-style-type: none"> • Cllr Pamela Fleming – Strategic Cabinet Member for Environment, Business and Community • Cllr Rita Palmer – Chairman of the Licensing Committee <p><u>Merton</u></p> <ul style="list-style-type: none"> • Cllr Judy Saunders – Cabinet Member for Environmental Cleanliness and Parking • Cllr Nick Draper – Cabinet Member for Community & Culture

Service Area	Arrangement	Governance
Building Design Consultancy Framework	Shared - LBM, LBR, LBS	Not currently in place. Something similar has been set up by an individual authority in London but it is an arms length company due to potential conflict of interest issues

Service Area	Arrangement	Governance
<p>South London Waste Partnership</p>	<p>Disposal - jointly procured disposal contracts.</p> <p>Phase A, delivering cost effective waste disposal contracts.</p> <p>Phase B the procurement of a longer term more sustainable waste disposal solution diverting residual waste from landfill.</p> <p>Environmental services Phase C</p> <p>a joint procurement for a number of environmental services, namely:</p> <ul style="list-style-type: none"> ➤ Waste Collection and recycling ➤ Commercial waste ➤ Street Cleaning ➤ Winter Maintenance ➤ Vehicle Maintenance ➤ Green spaces, principally grounds maintenance 	<p>legally binding inter authority agreement between LBM, LBS, RBK, LBC</p> <p>The governance structure for the partnership currently comprises of:</p> <p><u>Management Group (MG)</u>. Lead officers from each authority and chaired on an annual rotational bases. This is supported by both strategic, and project management roles employed by the Partnership.</p> <p><u>Joint Waste Committee (JWC)</u> this is made up of Cabinet and Executive Members from each of the 4 boroughs. This group is responsible for all key decisions made on behalf of the Partnership, relating to Waste Disposal functions delegated by the individual boroughs to the Committee.</p> <p>The Joint Procurement of waste collection and other environmental services is overseen by the <u>SLWP Strategic Steering Group (SSG)</u>, comprised of the four boroughs' Environment Directors, A representative of the four boroughs' Financial Directors and currently chaired by the Chief Executive of Merton (the Chair role rotates on an annual basis every June)</p>

Service Area	Arrangement	Governance
Wandle Valley Regional Park CE	LBM, LBW, LBS, LBC Arm-length body	WVRPT is not a shared service. We have two members who are trustees of the Trust but they do not represent the authority in itself, albeit that they are nominated to serve on the trust by LBM under the current governance arrangements. There are a number of trustees of the Trust who represent the four constituent local authorities (two per Borough) and a number of other relevant organisations, including the National Trust, the Environment Agency, the Wandle Forum and others

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