

## Overview and Scrutiny Commission

**6 July 2017**

Agenda item: Shared Services and Outsourced Services in Merton Task Group – action plan update

Wards: All

### **Subject:**

Lead officer: Ged Curran, Chief Executive

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

Contact officer: Sophie Ellis, Assistant Director of Business Improvement

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### **Recommendations:**

- A. That the Commission discuss and comment on the executive response and action plan and note progress in the implementation of the agreed recommendations.
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## **1 PURPOSE OF REPORT**

- 1.1. The purpose of this report is to set out the Executive Response and Action Plan to the Overview and Scrutiny Commission to demonstrate progress against the agreed recommendations of the Shared and Outsourced Services in Merton Task Group.

## **2 BACKGROUND**

- 2.1. At their meeting on 14 November 2016 Cabinet considered the final report and accepted the recommendations resulting from the task group review of shared and outsourced services in Merton.
- 2.2. At the Overview and Scrutiny Commission meeting on 7 March the corresponding executive response and action plan was presented.

## **3 EXECUTIVE RESPONSE**

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

Recommendation	Action Agreed	Timeline	Update
<p><b>Recommendation 1</b> That the Corporate Management Team (CMT) should have a more clearly defined mandate and process to embed challenge on models of service delivery at a senior level within the organisation. This will ensure that there is more specific challenge to service managers as well as internal peer review.</p>	<p>As part of a planned review the TOM process is to be strengthened so that more direct, dedicated support – with facilitated sessions where required – to be made available to service managers as part of the TOM review/development process.</p> <p>DMTs will continue to routinely review (as part of their TOM action plan review) actions set out against the ‘organisation’ layer to review whether planned changes to delivery models need to be amended/updated.</p> <p>As part of the biannual reports already presented to Merton Improvement Board, DMTs will be asked to expressly report on progress against the ‘organisation’ layer and how it is being kept under review and MIB provide constructive challenge.</p>	<p>Late 2017</p>	<p>The biennial Target Operating Model refresh process begins in the autumn of 2017. With the oversight of CMT the process is being strengthened to ensure a consistently robust approach to the review of service delivery vehicles under the direction of each DMT.</p> <p>A Statement of Direction has been issued by CMT that directs TOM authors (service leads) clearly grounding the work with the need to challenge existing delivery models.</p> <p>The TOM Guidance has been refreshed and within the organisational layer there is an explicit requirement for service leads to expand on how reviews of delivery models have been undertaken and will continue to be undertaken. A dedicated point of contact (Head of Commercial Services) will support the process and a number of facilitated sessions to generate ideas and innovation around delivery models will be run during the development phase of the TOMs. A process for ‘make or buy’ reviews will be made available and promoted through the TOM refresh.</p>
<p><b>Recommendation 2</b> That decision making on the establishment of proposed shared and outsourced services is strengthened through the production of a standardised business case that is presented to the Corporate Management Team and to Cabinet (or the relevant individual Cabinet Member for smaller services) for approval. This business case should be clearly evidenced and should include financial modelling to set out options and alternatives as well as details of other expected benefits so that vigorous challenge can be provided prior to a formal decision being made.</p>	<p>A set of guiding principles will be created to inform and support the development of bespoke business cases, along with clear questions that must be answered within each business case.</p>	<p>June 2017</p>	<p>A draft set of guiding principles has been developed based on our own learning – through discussions with officers within the organisation who have established shared/outsourced services – as a council and guidance from CIPFA. This has been designed to supplement the existing business case template that forms part of the Merton Approach to Projects (MAP) internal project management methodology. This will assist in the development of a business case for shared services.</p> <p>A toolkit for use by services considering a shared service arrangement has also been drafted that signposts users to existing resources and suggests early conversations with specific points of contact across the business.</p> <p>Officers will refine and finalise these with the outputs of the activities associated with Recommendation 6 below and present to CMT a complete pack for sign off later in the summer before presenting them to OSC for discussion.</p>
<p><b>Recommendation 3</b> That a draft of the business case template is brought to the Overview and Scrutiny Commission for discussion prior to finalising it.</p>	<p>The guiding principles and questions will be presented to OSC for discussion.</p>	<p>TBC with Head of Democratic Services</p>	<p>The Assistant Director of Business Improvement will liaise with the Head of Democratic Services to establish a suitable date for these to be presented to OSC.</p>

Recommendation	Action Agreed	Timeline	Update
<p><b>Recommendation 4</b> 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.</p>	<p>A checklist will be developed drawing on the experience of services that have already transitioned to alternative delivery models.</p>	<p>August 2017</p>	<p>This is built into the activity set out against Recommendation 2 above.</p>
<p><b>Recommendation 5</b> That the Corporate Management Team should ensure that service managers have a mandatory appraisal objective to familiarise themselves with best practice elsewhere and consider how best to incorporate this in their service delivery.</p>	<p>CMT will continue to deliver the agreed programme of leadership development over the coming 18 months.</p> <p>The TOM development/refresh process will be refined for its next iteration to include more direct, dedicated support and challenge as per response to Recommendation 1 above.</p>	<p>Ongoing to mid 2018</p> <p>June 2017</p>	<p>The programme of leadership development continues to be delivered to managers across the organisation.</p> <p>The TOM refresh guidance has been refined to include more direct, dedicated support and challenge as per response to Recommendation 1 above.</p>
<p><b>Recommendation 6</b> That the Corporate Management Team should ensure that a training or briefing resource is developed for officers in those corporate teams (such as HR, IT, finance and facilities) so that they understand the delivery model and likely support requirements of the council's shared services.</p>	<p>Work will be undertaken with representatives from services currently working in shared arrangements to develop a briefing resource for officers in corporate teams.</p>	<p>July</p>	<p>Interviews are being carried out with managers already in shared services to capture their requirements from support services (HR, Finance, IT, Facilities) and to determine where this support could be enhanced.</p> <p>This information will be used in a workshop with representatives from support services to help them understand how best to support alternative delivery arrangements. It is anticipated that the workshop will be used to co-create a briefing resource.</p>

Recommendation	Action Agreed	Timeline	Update
<p><b>Recommendation 7</b> That the Overview and Scrutiny Commission should invite the Chief Executive to present a report annually to set out how challenge has been embedded, what choices have been made by service managers on models of service delivery, what changes resulted from the challenge process and what options were rejected and why.</p>	<p>The Chief Executive, working with CMT, will respond to the invitation with a report drawing on the mechanisms set out within this report to provide an overview of how alternative delivery models are being considered and changes resulting from this process.</p>	<p>July</p>	<p>This update responds to this recommendation.</p>
<p><b>Recommendation 8</b> 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.</p>		<p>Ongoing</p>	<p>CMT continues to discharge this recommendation through the forward plan mechanisms which highlights to the Commission any significant decisions on service reconfiguration.</p>

#### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. The work to develop guiding principles and supporting materials has involves officers across the organisation with experience of selecting and implementing alternative delivery models and a number of managers providing key corporate services.

#### **5 TIMETABLE**

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

#### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

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

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

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

#### **8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 8.1. None for the purposes of this report.

#### **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None for the purposes of this report.

#### **10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 10.1. Changes to service delivery models will require careful assessment and management of risk. Consideration of this will be incorporated within the proposed guidance/supporting information to be developed to ensure this is adequately accounted for and managed on a case by case basis.

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

11.1. None.

**12 BACKGROUND PAPERS**

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