

**Committee:** Overview and Scrutiny Commission

**Date:** 15 September 2015

Wards: All

Subject: Terms of reference for the outsourced services scrutiny task group

Lead officer: Julia Regan, Head of Democracy Services

Lead member: Cllr Peter Southgate, Chair of the Overview and Scrutiny Commission

Contact officer: Julia Regan: Julia.regan@merton.gov.uk 020 8545 3864

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## **Recommendations:**

That members of the Overview and Scrutiny Commission consider and agree the revised terms of reference that have been suggested by the task group.

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### **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

1.1 The purpose of this report is to advise the Commission of the discussion that took place at the first meeting of the task group and to seek the Commission's agreement to make changes to the task group's terms of reference.

### **2. Terms of reference agreed by Commission on 14 July 2015**

2.1 At its meeting on 14 July 2015 the Commission agreed to establish a mini task group review of outsourced services to report back on 24 November 2015, followed by a mini task group review of commissioned services to report back on 23 March 2016. It also agreed that there would be a joint report to Cabinet of those two reviews plus the recently completed review of shared services.

2.2 The Commission agreed to the following terms of reference:

- to seek evidence on the approach to scoping out the options for different models of service delivery and advocate a more consistent and rigorous approach as appropriate
- to examine a range of examples of outsourced service provision in Merton and elsewhere;
- to identify the potential advantages and challenges of outsourced service provision for the council, its partners and local residents;
- to identify the best approach to scrutinising outsourced services to ensure that the council is receiving value for money and effective service provision

2.3 In its discussion of the report of the shared services task group review, the Commission agreed that a recommendation should be added – "that the council should keep an eye on what is happening elsewhere and evaluate this with a view to establishing whether a similar approach would be beneficial to Merton".

### **3. Proposals made by task group members**

- 3.1 Three members of the task group met on 4 August 2015 to scope the review.
- 3.2 The task group members discussed the work of the shared services review and the recommendations arising from this. They felt that the approach had been rather passive and agreed that, rather than repeating this approach for outsourced services, there was an opportunity for scrutiny to contribute more substantially to policy development and budget savings. The task group members' aspiration is to develop tangible, clear and directive recommendations based on rigorous challenge rather than carrying out a policy review that would result in very little change.
- 3.3 Task group members have proposed that they investigate the hypothesis that Merton would benefit from a whole-council approach to outsourcing. The outsourcing model would be a broad one that could encompass council owned trading companies (such as CHAS), staff-led social enterprises/mutuals (such as GLL) as well as private and third sector organisations. The task group review would look at all the different ways in which services could be outsourced, assess whether these are feasible for Merton, take a view on what a whole-council outsourced model would look like for Merton and what would need to be put in place to make this work.
- 3.4 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 with "salami-slicing" savings proposals.

### **4. Proposed revised terms of reference**

- 4.1 Any change to the task group's terms of reference must be made by the Commission. The Commission is therefore asked to discuss and agree the following proposed new terms of reference:
- 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

### **5. ALTERNATIVE OPTIONS**

- 5.1 The Commission is invited to discuss the proposed terms of reference. The Commission may make changes to these or may reject them in favour of the terms of reference that it agreed at its meeting on 14 July 2015.

### **6. CONSULTATION UNDERTAKEN OR PROPOSED**

- 6.1 None for the purposes of this report

## **7. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 7.1 There are none specific to this report. Scrutiny work involves consideration of the financial, resource and property issues relating to the topic being scrutinised. Furthermore, scrutiny work will also need to assess the implications of any recommendations made to Cabinet, including specific financial, resource and property implications.

## **8. LEGAL AND STATUTORY IMPLICATIONS**

- 8.1 Overview and scrutiny bodies operate within the provisions set out in the Local Government Act 2000, the Health and Social Care Act 2001 and the Local Government and Public Involvement in Health Act 2007.
- 8.2 Scrutiny work involves consideration of the legal and statutory issues relating to the topic being scrutinised. Furthermore, scrutiny work will also need to assess the implications of any recommendations made to Cabinet, including specific legal and statutory implications.

## **9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 9.1 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 engagement. The reviews will involve work to consult local residents, community and voluntary sector groups, businesses, hard to reach groups, partner organisations etc and the views gathered will be fed into the review.
- 9.2 Scrutiny work involves consideration of the human rights, equalities and community cohesion issues relating to the topic being scrutinised. Furthermore, scrutiny work will also need to assess the implications of any recommendations made to Cabinet, including specific human rights, equalities and community cohesion implications.

## **10. CRIME AND DISORDER IMPLICATIONS**

- 10.1 In line with the requirements of the Crime and Disorder Act 1998 and the Police and Justice Act 2006, all Council departments must have regard to the impact of services on crime, including anti-social behaviour and drugs. Scrutiny review reports will therefore highlight any implications arising from the reviews relating to crime and disorder as necessary.

## **11. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 11.1 There are none specific to this report. Scrutiny work involves consideration of the risk management and health and safety issues relating to the topic being scrutinised. Furthermore, scrutiny work will also need to assess the implications of any recommendations made to Cabinet, including specific risk management and health and safety implications.

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

- 12.1 None

## **13. BACKGROUND PAPERS**

None

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