



Report to: Cabinet, 17th January 2017

Report of: Councillor Joy Squires, Cabinet Member for Performance and Resources

Subject: SOUTH WORCESTERSHIRE SHARED SERVICE JOINT COMMITTEE – GOVERNANCE ARRANGEMENTS – KEY DECISION

1. Recommendation

- 1.1 That the South Worcestershire Shared Services Joint Committee be dissolved and the Corporate Director – Commissioning and Delivery, in consultation with the Cabinet Member for Performance and Resources, be authorised to conclude arrangements relating to services currently delegated to the Joint Committee;**
- 1.2 That the ICT functions previously delegated to the Joint Committee be delegated to Wychavon District Council with effect from 1 April 2017;**
- 1.3 That the Council's Building Control functions, previously delegated to the South Worcestershire Shared Services Joint Committee, be delegated to Malvern Hills District Council with effect from 1 April 2017; and**
- 1.4 That the contractual arrangements with Civica for the outsourced Revenues and Benefits service and Customer Services function continue but consideration be given to future enhanced arrangements for performance reporting**

2. Background

- 2.1 At its meeting on 3 June 2016, the South Worcestershire Shared Services Joint Committee asked officers to undertake a review of the Terms of Reference and role of the Committee and its associated management boards, with a view to officers reporting back to the Committee with options for the future governance of the Committee.
- 2.2 This was on the basis that a number of changes had been made over the years to the role and responsibilities of the Committee. The review was intended to clarify whether the current arrangements were the best way of governing the shared services activities.

Current Governance Arrangements

- 2.3 The Committee was established on 31 March 2009. It comprises elected representatives from the Executive of each of the shared service partners. It currently meets at least four times in each municipal year.

- 2.4 The Joint Committee is supported by the host Council's S151 Officer, Monitoring Officer and Committee Administration. The host Council arrangements rotate between partners, with Worcester City Council being the current incumbent.
- 2.5 The Joint Committee is responsible for the following functions:
- Revenues & Benefits;
 - Worcestershire Hub (not Wychavon);
 - Building Control and;
 - ICT.
- 2.6 The Revenues and Benefits and the Worcestershire Hub functions have subsequently been outsourced under a managed service contract to Civica.
- 2.7 The Committee is responsible for approving an annual business plan which covers a 3 year period and includes business and financial objectives, efficiency targets, business continuity planning, risk management, indicative staffing levels and performance improvement targets. The Committee is also responsible for preparing annual capital, revenue and staffing budgets, which are approved by individual authorities through their annual budget setting cycle.
- 2.8 The Committee has delegated the day to day responsibility for the management of each of the shared services to a Management Board, which operates the shared service in accordance with the annual budget and business plan. The Management Boards are responsible to the Committee.
- 2.9 In practice, the Management Boards for Revenues and Benefits and the Worcestershire Hub functions are contract management boards for the contracts with Civica. For the Worcestershire Hub, there is also a Joint Customer Service Management Board (JCSMB) which sits between the Committee and the Worcestershire Hub Management Board.
- 2.10 The JCSMB comprises the relevant Cabinet Member for customer services and the senior officer lead, for each partner Council. It has a more strategic customer services role, with a focus on improving the customer experience, customer feedback and securing the most appropriate channels for customer contact.
- 2.11 The Committee also has a monitoring role. At each of its meetings, the members review the latest performance reports and financial reports and ask questions of the relevant Management Board officer(s) on the information. Extracts of these performance and finance reports are also included in each partners published quarterly reporting, which means they are subject to the standard Scrutiny arrangements at each partner Council.
- 2.12 The Committee was also responsible for approving the draft Annual Statement of Accounts for the Shared Services, and subsequently the final Annual Statement of Accounts and the associated External Auditors Report and Letter of Representation. However, this requirement was discontinued from the 2015/16 financial year, as there is no longer a requirement to produce an Annual Statement of Accounts for joint committees.

- 2.13 It is recognised that the current arrangements for the Joint Committee and the various management boards were an effective means of delegating and reorganising local government functions when they were originally set up. During the early years these arrangements were effective, valuable and instrumental in establishing the successful shared service functions we have in place today.
- 2.14 However, circumstances have since changed. The Committee's responsibilities have reduced, partnership working has changed and improved including with an outsourced third party provider, and the local government arena has changed beyond recognition, all of which calls into question whether the current arrangements and associated support resources are the most efficient and effective way of providing the governance and strategic oversight for these shared services.
- 2.15 The Committee at its meeting on 16 September voted unanimously to accept the findings of the review and ask for its functions to be dissolved and new arrangements put in place by each of the partner councils as detailed in this report.

3. Preferred Option

In-House Provision

- 3.1 That the South Worcestershire Shared Services Joint Committee be dissolved and that the governance arrangement for the strategic management of the shared services are reconstituted to reflect the requirement to delegate functions for 'in-house' provision while robust contract management is undertaken for outsourced provision.
- 3.2 The proposed arrangements for 'in-house' service provision are to delegate the functions to the current host authorities as follows:
- Building Control functions should be delegated by the Council and Wychavon District Council to Malvern Hill's District Council;
 - ICT functions should be delegated by the Council and Malvern Hills District Council to Wychavon District Council.
- 3.3 The existing Management Board arrangements should continue for the day to day management of these functions. In addition, the Terms of Reference and role of each Board should be updated to include arrangement of the annual business plan, financial and performance monitoring, and recommendation of the annual budget and annual performance targets to each partner Council. Scrutiny arrangements should continue for each partner Council, in line with current arrangements.
- 3.4 It should be noted that the decision to dissolve the Committee will need to be ratified by all partner councils as well as to delegate the functions outlined above.

Outsourced Provision

- 3.5 The Revenues and Benefits functions are contracted to Civica by the three South Worcestershire districts. It is proposed that the contract will continue to be managed through the existing Management Board. The Terms of Reference and role of the Board will be updated to include agreement of the annual business plan, financial and performance monitoring, and the recommendation of the annual budget and performance monitoring targets to each partner Council.

- 3.6 The Worcestershire Hub functions are contracted to Civica by the Council in conjunction with Malvern Hills District Council and Worcestershire County Council. It is proposed that the contract will continue to be managed through the existing Contract Management Board. In addition, the terms of reference and role of the Board is updated to include recommendation to the existing Joint Customer Services Management Board (JCSMB), of the annual business plan, financial and performance monitoring, and the annual budget and performance targets.
- 3.7 The terms of reference and role of the JCSMB should be updated to include agreement of the annual business plan, financial and performance monitoring, and the recommendation of the annual budget and annual performance targets to each partner Council.
- 3.8 Scrutiny arrangements should continue for each partner Council, in line with current arrangements, albeit partner Councils can consider whether to enhance their reporting arrangements to include the fuller set of performance information that used to be considered by the Joint Committee.
- 3.9 Consideration also needs to be given to the contractual arrangements between the partner authorities in relation to the outsourced functions, and whether they are still appropriate following the dissolution of the Joint Committee. This is in relation to any hosted provision of support services, the contract cost sharing agreements and contract end arrangements.

4. Alternative Options Considered

- 4.1 The following options were considered as part of the review of the governance arrangements for the South Worcestershire Shared Services Joint Committee:
- The shared service partners could maintain the status quo, with a Joint Committee and a range of management / contract management boards. It is considered that this model is no longer fit for purpose, and is not an efficient and effective mechanism for managing these services.
 - The shared service partners could deal with all business through the Joint Committee, rather than through the various management/contract management boards. This option would create an unnecessary workload for the Joint Committee as it would have to deal with a wide range of day-to-day operational matters.

5. Implications

- 5.1 Financial and Budgetary Implications – There would be minimal financial savings but officer and Member resources would be used more effectively.
- 5.2 Legal and Governance Implications – None.
- 5.3 Risk Implications – There are no strategic risks associated with this proposal.
- 5.4 Corporate/Policy Implications – None.
- 5.5 Equality Implications – None.
- 5.6 Human Resources Implications – None.

5.7 Health and Safety Implications – None.

Ward(s): ALL
Contact Officer: Rose Rouse – Corporate Director – Commissioning and Delivering
Background Papers: Review of Governance Arrangements – South Worcestershire Shared Service Joint Committee (16/09/16) - <http://wcc-app2012:8070/documents/s36737/Governance%20report%20to%20SWSSJC%20-%20final%20Sept%202016.pdf>