

Proposal to change the way services are delivered by Havant Borough Council Public Consultation

09 February – 09 March 2015

INTRODUCTION

Havant Borough Council is consulting on a proposal to change the way services are delivered locally. Together with four other local authorities, we are considering whether a range of services can be delivered by a third party provider. We are undertaking this work with a view to achieving cost savings for the council and avoiding service reductions.

This paper sets out our proposal and how you can comment on this.

SUMMARY OF PROPOSAL

Havant Borough Council is reviewing the way we deliver a number of services. This may result in a change of provider.

We are working with Hart District Council, South Oxfordshire District Council, Vale of White Horse District Council and Mendip District Council, to see whether there is value in collectively contracting a third party provider to deliver a range of services. We are considering the re-procurement of services that are already delivered by third party providers as well as contracting out other services currently delivered in-house by the council.

Following initial investigatory work, council leaders have agreed in principle that we will seek expressions of interest from third party providers to deliver the following services unique to each authority as shown in Table 1. This would involve a formal procurement exercise following requirements set out in EU law.

Table 1: Services potentially affected

Services	South & Vale	Hart	Mendip	Havant
Revenues				
Council tax	Yes	Yes	Yes	Yes
Business rates	Yes	Yes	Yes	Yes
Benefits				
CTRS	Yes	Yes	Yes	Yes
Housing benefits	Yes	Yes	Yes	Yes

Exchequer				
Accounts payable (creditors)	Yes	Yes	Yes	No
Accounts receivable (debtors)	Yes	Yes	Yes	No
Payroll				
Data input	Yes	Yes	Yes	No
Running the payroll (payments)	Yes	Yes	Yes	No
Accountancy				
Management accounting (regular budget monitoring and routine budget/ledger advice)	Yes	Yes	Yes	No
Financial accounting (closedown & producing annual accounts)	Yes	Yes	Yes	No
Provision of the financial management system (general ledger, accounts payable, accounts receivable, budgeting)	Yes	Yes	Yes	No
Treasury management (investing and borrowing)	No	Yes	Yes	No
Internal Audit				
System audits (regular checks of internal controls)	Yes	Yes	No	No
Counter fraud work (regular checks of high fraud risk areas)	Yes	Yes	No	No
Investigation of suspected fraud and irregularity (reactive)	Yes	Yes	No	No
IT				
IT infrastructure support (maintain desktop PCs, network & other hardware)	Yes	Yes	Yes	No
Applications support (maintain purchased applications and software)	Yes	Yes	Yes	No
IT Service Desk	Yes	Yes	Yes	No
IT security	Yes	Yes	Yes	No
Applications design (develop and maintain inhouse bespoke applications)	No	No	tbc	No
Data capture and GIS	Yes	No	Yes	No
Street Naming and Numbering	Yes	Yes	Yes	No
HR				
Employee relations (collective bargaining, reacting to performance issues, investigations, terminations)	Yes	Yes	Yes	Yes
Policies	Yes	Yes	Yes	Yes
General advice on recruitment, training, restructuring, policies (to managers and staff)	Yes	Yes	Yes	Yes

Legal and democratic services				
General and taxi licensing	Yes	No	Yes	Yes
Legal services (excluding strategic legal advice)	No	Yes	No	No
Debt recovery legal actions incl court work	Yes	Yes	Yes	No
Land charges	Yes	Yes	Yes	Yes
Procurement				
Advice and support	Yes	Yes	Yes	No
Facilities management				
Facilities Management	Yes	Yes	No	Yes
Office Cleaning	Yes	Yes	No	Yes
Facilities and Technical Support Inc Post Room	Yes	Yes	Yes	Yes
Design & Print	No	No	Yes	Yes
Property management				
Property advice	Yes	Yes	No	Yes
Property health & safety inspections	Yes	Yes	Yes	Yes
Engineering				
Engineering incl flood alleviation and drainage	Yes	No	No	No
Car parks				
Car park management (maintenance, income collection)	Yes	Yes	No	No
Car park operations (patrolling and excess charge notices)	Yes	Yes	No	No
Routine and administrative operations				
Customer services - reception/other remote council access points	Yes	Yes	Yes	Yes
Customer services - switchboard / contact centre	Yes	No	Yes*	Yes

Subject to comments received in response to this consultation, we expect to proceed as follows:

- Advertise the services identified in the Official Journal of the European Union to initiate a formal procurement exercise **(March 2015)**
- Identification of the most suitable third party provider **(March 2015 – February 2016)**
- Contracting new third party provider **(March 2016)**
- Transition of services to the new third party provider as existing contracts (where applicable) come to an end **(July 2016 onwards)**
- Joint management of the contract using staff from each council **(March 2016 onwards)**

We will need to prepare an agreement, to be signed up to by all the participating councils, which will govern how this process is managed from the start of the procurement to the end of the contract.

This will set out how the benefits of the project will be shared between the councils, how we manage the supplier, how issues are resolved and what happens if councils leave (or new ones wish to join) the collaboration.

Any contract developed with a supplier would most likely allow the councils to include services currently identified as out of scope at a later date, for example as existing contracts finish.

RATIONALE FOR PROPOSAL

All UK public sector organisations have been impacted by the adverse economic environment since 2008. Local councils have been particularly affected by real-terms reductions in funding from government.

Some local councils have approached this through incremental reductions in budgets and staffing and tightening of spend with suppliers. Others have recognised that this is at best a necessary but insufficient response. It is clear that the next government is unlikely to release significantly more resource irrespective of its political make-up. Therefore more radical solutions must be considered.

The councils have already responded to this challenge in a range of initiatives for example:

- **South Oxfordshire District Council** and **Vale of White Horse District Council** (South and Vale) merged their senior management structure, achieving cashable savings and allowing a scale approach to common issues
- **Havant Borough Council** has developed a similar relationship with East Hants District Council.
- **Hart District Council** has worked closely with neighbouring councils to deliver shared services that provide value for money and maintain a quality front line service for local people, examples include grounds maintenance and community safety.
- **Mendip District Council** established a public sector hub, where a range of organizations and agencies are available to customers on a single site

Most of these initiatives have been in place for a number of years and can be described as 'road tested' Individually, the councils have achieved substantial savings and in doing so have built up a capability and confidence in managing strategic relationships with key service providers and partnerships between peer local authorities.

The councils believe this experience puts them in an ideal position to collaborate on this new venture. We are convinced that our new proposal to jointly contract a third party provider to deliver the services listed will result in:

- **Further financial savings** – a collaborative approach with one contract would achieve better value compared to individually re-procuring our current contracts.
- **Sustained or better outcomes for service users** – we can learn from the best performing services in each council and transfer this best practice to the others, and use the knowledge of

our partner to take advantage of new developments in technology and efficient business practice

- **Greater resilience and flexibility** - our combined capacity and common approach will allow peaks and troughs of workload to be managed more effectively and our assets to be used more effectively

Our initial investigatory work identified a range of firms that had a track record in delivering some or all of the services. We note that there have been both successes and occasional high profile problems across the range of contracts let to date by councils across the UK, with some suppliers identified in both categories. So we will learn from these and identify the measures we need to take to manage risks and the delivery of benefits effectively.

The councils have consulted with potential suppliers and there is support for this approach. There is political support within each council for the market test to be undertaken jointly and a project steering group comprising senior officers from each council has been tasked with taking the project forward. To get the best deal we are developing a common set of requirements. We hope that over time this means that performance for each council will move towards the levels achieved by the best performer currently. Each council is currently proposing a different scope of services to be included although there are significant overlaps (see the next section).

During the procurement we would expect bidders to propose how they would deliver the services that are in scope for each of the councils. They may identify opportunities to bring services together at the same location, introduce more modern technology and new approaches. Much of this will relate to how the councils own organisations are supported, but there will also be opportunities to review the way that the councils serve their customers as well.

HOW TO RESPOND TO THIS CONSULTATION

Before we take this work forward, we are encouraging residents, businesses and other local stakeholders to comment on our proposals. We would like to know:

- if there is support, in principle for outsourcing the services identified
- whether there are any potential impacts on communities or service users we should consider and how we could improve our proposal to address these
- whether there are alternative means of securing best value in service delivery that we have not considered

We have set up an online consultation for this purpose, available from <http://www.havant.gov.uk/council-and-government/current-consultations>

Responses can be submitted between 09 February and 09 March 2015.

All responses will be treated anonymously, except where representations have been made on behalf of an organization or group.

The councils will review all feedback received and use this information to determine whether to implement our proposal or whether changes need to be made.

The councils will publish a summary of the consultation on its website in the summer and this will detail our response to any significant comments raised.

FURTHER INFORMATION

For further information about our proposal or this consultation, please contact:
Havant Borough Council Customer Services
Phone: 023 9244 6019