

SUBMISSION TO STRATEGIC OVERVIEW AND SCRUTINY COMMITTEE

Date: 29.01.2014

Agenda Item: 9

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SUBMISSION BY Cllr Mike Wilcox, Leader of the Council

MEMORANDUM OF UNDERSTANDING WITH TAMWORTH BOROUGH COUNCIL

1. Purpose of Report

- 1.1 To seek views from Scrutiny members on the proposed Memorandum of Understanding (MoU) relating to potential shared services with Tamworth Borough Council. This MoU seeks to place an existing, informal arrangement onto a more secure footing and thus provide each authority with the initial option of pursuing a shared service arrangement with the other. **This is neither a contractual agreement nor a legally binding arrangement.** The MoU is viewed as a clear demonstration of trust and confidence and a commitment to build upon existing successes.

2. Background

- 2.1 Like all Councils across the country, we are facing continued and significant financial pressure and are committed to exploring innovative ways to maintain local services, whilst cutting costs and delivering efficiencies. As part of this, the Cabinet members from Tamworth Borough and Lichfield District Council's have met to discuss whether there could be benefit in a closer working relationship, building on the success of existing shared services, such as the joint waste service.
- 2.2 To take things forward, it was agreed a Memorandum of Understanding (MoU) would be developed. This report brings forward that MoU for consideration and comment. A similar paper was considered at Cabinet at Tamworth Borough Council on 16th January 2014.

2.3 Key Principles:

The MoU has been drafted on the basis that:

- a. Each council retains decision making and democratic independence
- b. Each council retains its distinct character and identity

The objectives of the MoU and working more closely together include:

- a. To improve services for tax payers and customers
- b. To deliver efficiency savings
- c. To increase resilience of services, whilst retaining independence
- d. To identify and deliver best practice
- e. To increase influence in LEP and other sub regional bodies

2.4 The details of the agreement are outlined at Appendix A

2.5 The agreement itself is at Appendix B

3. Community Benefits

3.1 The MoU has the potential to ensure that best value is secured on service delivery and that efficiencies are made. Any decision to move to a shared service arrangement would always consider the impact on effect on service users and communities.

4. Recommendation

4.1 That members consider the implications of and issues within the MoU and make comments to inform discussion at Cabinet on 4th February and Council on 24th February

5. Financial Implications

5.1 Whilst there are none arising directly from this report, it is anticipated that elements of technical and legal support may be necessary subject to the scale and scope of the shared service in question.

5.2 Similarly, the establishment of a critical mass of partners for a shared service may be dependent upon compatible ICT platforms. Any resources would require to be justified via a Business Case or evidence of an 'Invest to Save' efficiency.

5.3 A move towards shared services can offer savings and service improvement, it would be a mistake to think that this will solve the financial challenges that we face or be the right way forward on all service areas. It is but one activity that should be rightly pursued in our **Fit For The Future** sustainability strategy programme.

6. Strategic Plan Implications

6.1 None

7. Sustainability and Climate Change Issues

7.1 None

8. Human Rights Issues

8.1 None

9. Crime and Community Safety Issues

9.1 None

10. Risk Management Issues

Risk	Likelihood/ Impact	Risk Category	Countermeasure	Responsibility
That other councils may feel we are no longer interested in working with them and that we are solely working with Tamworth	Low likelihood Low impact		To make sure we communicate the purpose and intent behind the MoU effectively to staff partners and stakeholders	All
That there is an assumption that all services will be shared with Tamworth	Low likelihood Low impact		To make sure we communicate the purpose and intent behind the MoU effectively to staff partners and stakeholders. Ensure that Fit for the Future service reviews consider all options for service delivery and the most cost effective and suitable solutions are chosen based on the business case for each service.	All

Background Documents:

Background information on Memorandum of Understanding

1. Like all councils across the country, we are facing continued and significant financial pressure and are committed to exploring innovative ways to maintain local services, whilst cutting costs and delivering efficiencies. As part of this, the Cabinet members from Tamworth Borough and Lichfield District council's have met to discuss whether there could be benefit in a closer working relationship, building on the success of existing shared services, such as the joint waste service.
2. To take things forward, it was agreed a Memorandum of Understanding (MoU) would be developed. This report brings forward that MoU for approval. A similar paper will be discussed at Tamworth/Lichfield Council on.....2014.

3. Key principles

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1. each council retains decision making and democratic independence
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4. Shared services

There are many forms of shared working that can be put in place between two councils and most are probably in operation in one form or another somewhere in the country at the present time. These range from formal shared management teams and shared decision making to service level agreements for combined service delivery.

5. One option is that opportunities for shared services are taken up with anyone at anytime and assessed on an individual cost benefit basis. This results in each service being looked at on its own merits and a 'mixed economy' of service delivery evolves (much like we have now with numerous shared approaches to services with various partners).
6. Another option is to have a 'preferred partner'. i.e. when opportunities through staff departure or change arises the service will be looked at as a potential for sharing and redesign with **one** other council. Thus, over time, synergies, efficiencies and a closer working relationship and culture develop. Whilst this would take time, in terms of the long term intentions for a closer overall working relationship, there are advantages in terms of shared culture as well as economies of scale.
7. Sharing the delivery of services can have many benefits but it must also be appreciated that in bringing together services you also bring together different cultures, staff terms and conditions, processes, practices and judgments about what a service should be and how it should be best delivered. Over time each council will have refined and developed its own processes not only to meet the specific needs of its unique population but also to make its own efficiency savings over the last 5 -10 years of local government change.
8. Recognised nationally as an essential component of local government, 'shared services' has much press coverage and always features highly in articles and lists as to how costs can be reduced. Where the same process is delivered to a customer – such as the collection of waste bins and where there is agreement on the standard and level of service to be delivered, economies of scale are certainly possible, as demonstrated by the successful shared waste service between our two councils. Savings can be made in management costs and service standards can be improved through greater resilience and new opportunities for process improvement. However unit costs for a service per head of population, or per household, may vary widely when the nature of the council – its size, geography and demography - is taken into account.
9. Whilst therefore a move towards shared services can offer savings and service improvement, it would be a mistake to think that this will solve the financial challenges that we face or be the right way forward on all service areas. It is but one activity that should be rightly pursued in our **fit for the future**/sustainability strategy programme.

10. Criteria for decisions on shared services

It must be recognized that in looking at how a service could be delivered either party might determine that sharing the service was not in their communities/council's best interest and there is no intended commitment through agreeing the MoU that all services would be shared. However it is recognized that there would be benefit in economies of scale of focusing over time for the relationship between the two councils to be developed.

11. It should be appreciated that the timing for some services would not be right, (either side may already have plans or be in a shared service arrangement with another council/partner, but that it would be right to ask the question of whether there could be savings and advantages through sharing on every occasion and where work was already in hand (e.g. through our F4F reviews or through Tamworth's Sustainability Strategy) it made sense to look at whether these could be shared.
12. For example LDC are currently undertaking work on two service reviews in Development Services (planning development control and policy) and Grounds Maintenance and Street scene. As part of any service review the options for future delivery must include whether there is potential for economies of scale, efficiency savings or service improvement in sharing the service with another partner. These reviews will continue with the option of sharing service provision with Tamworth being part of the cost benefit analysis of future options. Each service review will be determined in its own right, subject to Scrutiny and decision making through Cabinet and Council, with no assumption of the shared service option being the right one but with such an option clearly costed and modeled as a possibility for comparison purposes.

13. Resources

To analyse current service provision, and compare and redesign service costs, both in terms of external challenge and advice and our own staff resources. There therefore needs to be recognition of a need for such work to be included in budgets for future years as a contingency measure. Some services may also require investment in ensuring that common platforms, particularly IT systems, are installed and such capital expenditure would need to be taken into account in determining the best costs options.

14. Programme of work

There will be, as ever, some quick wins that we will pursue where services are already being considered and where some small savings can be made. The report also highlights more substantial service areas where we will pursue the consideration of shared service as part of ongoing service reviews in development services and in grounds maintenance/streetscene. Wider service reviews – such as those currently constrained by national policy changes (e.g. welfare reform, where we must understand the impact of universal credit and the role of the LA in the future administration of benefits) will follow.

15. Reporting progress

It is proposed that delivery against the MoU is reviewed by Chief Executive quarterly and reported to Cabinet on a six monthly basis. The approvals required for any service identified as a shared service would come through the usual approval process within each council as a matter of course.

16. In summary, the MoU is not intended to make joint working between the councils legally binding; rather it is intended as an expression of commitment to look at how working together can bring benefits in terms of efficiency savings, meeting customer expectations and improving service delivery.

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**LICHFIELD District Council and TAMWORTH Borough Council
MEMORANDUM OF UNDERSTANDING
JOINT WORKING**

JANUARY 2014.

1. Purpose of this Memorandum of Understanding

1.1 The purpose of this Memorandum of Understanding (referred to in the remainder of this document as MoU) is to:-

- (a) set out in simple, non legalistic, terms the way that the partners to the MoU will work together
- (b) clarify and record any responsibilities of the partners to the MoU individually and collectively, including to each other

2. Who are the partners to the Memorandum?

2.1 The partners to the MoU (referred to in the remainder of this document as The Partners) are:-

Lichfield District Council
Tamworth Borough Council

3. Status of the Memorandum and the partnership

3.1 The MoU is an operational document. It is not a formal or legally binding contract.

3.2 The Partners, individually and collectively, have (by signing the MoU) agreed to use all reasonable endeavours to comply with the terms and spirit of the MoU. They will not be obliged to undertake expenditure without that being agreed by them as individual partners except where they each agree to commit funding of a specific amount (one-off or annually) to be pooled.

3.3 By agreeing the MoU the Partners are expressing their clear intent to work more closely together and the officers of each authority are encouraged and empowered to work up potential joint working and shared staffing arrangements to be presented and judged on a business case basis for consideration.

4. Key principles

4.1 The Partners, individually and collectively, have (by signing the MoU) agreed the following key principles :

- The Partners wish to seek efficiencies and service improvement through closer working and joint service development
- The Partners wish to retain their unique decision making powers and democratic independence
- The Partners wish to retain their distinct character and identity
- The Partners agree that the objectives of working more closely together include:
 1. improving services for customers
 2. delivering efficiency savings
 3. increasing resilience of services whilst retaining independence
 4. identifying and delivering best practice
 5. Increasing influence in LEP activities and other sub regional bodies, whilst recognising the right of each Partners' choice in LEP membership.
- Actions and decisions as to what to recommend to individual Partners should reflect what is in the best interests of all Council Tax payers and the implications for individual Partners within the geographical area of Lichfield & Tamworth, and take into account what is fair and equitable for each Partner. Savings might not always be made by both councils on every service – but that overall the final costs for both councils should be less than now
- The Partners accept there may be areas where contractually services cannot be shared immediately - e.g. where there are existing contractual arrangements of shared service arrangements with other councils etc. but on review of those existing contracts and arrangements the option for shared service with the other Partner should be considered as a preferred option

- Where shared service options are to be considered or service reviews are to take place The Partners undertake to advise the other accordingly and invite a joint approach to the review to be adopted and shared service solutions investigated with each other as the preferred option
- The Partners accept that in some cases when review work is done the costs and implications of a shared service approach will be such that as an individual council they do not wish to proceed with that proposal; there is no creation of a commitment to share all services at any cost.
- To work together in a spirit of mutual trust, support and respect, and to ensure that when difficulties or differences of opinion arise they are addressed quickly, honestly and openly, if necessary by holding a Joint Meeting with Leading Members and Chief Executives.

4.2 The Partners have agreed to make sure that they jointly agree how, and when, they communicate any issues arising from the MoU with any stakeholder group. They also agree to communicate honestly and openly with each other.

5. Period of the Agreement

5.1 It is anticipated that this agreement will require review on a regular basis and at least annually.

Signed

Leader Tamworth Borough Council Date

Leader Lichfield District Council..... Date

Chief Executive Tamworth Borough CouncilDate

Chief Executive Lichfield District Council Date