



Listening Learning Leading



Corporate Services Project

Proposal to change the way some of our services are delivered

CONSULTATION SUMMARY

Summary of consultation undertaken by South Oxfordshire and Vale of White Horse District Councils between February and March 2015 on a proposal to collectively contract a third party provider to deliver a range of services with Hart District Council, Havant Borough Council and Mendip District Council

March 2015

Strategic Partners:



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SUMMARY

This report provides a summary of consultation undertaken by South Oxfordshire and Vale of White Horse District Councils between February and March 2015 on a proposal to collectively contract a third party provider to deliver a range of services with Hart District Council, Havant Borough Council and Mendip District Council. The proposal was made with a view to achieving cost savings and avoiding service reductions.

The consultation began on 9 February 2015 and lasted for a period of four weeks. Information about the proposal and the rationale behind it was published on the councils' websites. We asked members of the public and interested stakeholder groups to comment on the proposal by responding to an online survey. We promoted the consultation on the councils' website, through the councils' newsletters, in social media and the local press, and with direct invitations to respond.

A total of 142 responses were received for all five councils.

We found that:

- 32 per cent of respondents were in favour of the proposal; 64 per cent against**
- Many of those in favour agreed that the proposal would result in cost savings for the councils**
- Those against the proposal expressed a number of concerns, the most prevalent including the loss of staff employed locally, reduced quality of service delivery and doubt that a new contractual arrangement would bring about cost savings**

The results of the consultation have been carefully considered by the councils. Although we have decided to continue to the stage of procurement, we are taking measures to ensure that the concerns raised are addressed.

OUR PROPOSAL

In response to pressures on local government funding, the councils put together a proposal to collectively contract a third-party provider to deliver a number of mainly back office services.

The proposal built on previous initiatives undertaken by the councils to save costs, for example shared service delivery between South Oxfordshire and the Vale of White Horse District Councils.

The services that were earmarked for procurement are shown in **Figure 1**. Some of these services had been previously outsourced.

Figure 1: Services earmarked for delivery by a third-party provider

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
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 in-house bespoke applications)	No	No	tbc	No

Services	South & Vale	Hart	Mendip	Havant
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
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

The information published for consultation explained that the councils were ready to commence a formal procurement process in March 2015 following requirements set out in EU law.

The benefits of undertaking a procurement exercise with the expectation that a third-party provider would be contracted to deliver the services specified were described as:

- Further financial savings
- Sustained or better outcomes for service users
- Greater resilience and flexibility

CONSULTATION METHODOLOGY

The consultation sought to provide members of the public and interested stakeholder groups with the opportunity to comment on our proposal to contract a third-party provider to deliver the services specified.

The consultation was undertaken in fulfilment of relevant legislative requirements¹ as well as the councils' own policies on customer service and public engagement (where applicable).

South and Vale previously provided notification of their intention to work with Hart, Havant and Mendip councils to review service delivery in a press release in October 2014. However, for the purposes of this consultation, we took a decision to publish a short document on our websites summarising the proposal in more detail to inform members of the public wishing to make a response.

The consultation comprised a short online survey which asked the following questions:

1. Do you agree or disagree with our proposal, in principle?
 - Agree
 - Disagree
 - Don't know
2. Do you have any comments to make about our proposal? (For example, impact on communities and businesses, ways we can improve our proposal, alternative suggestions for securing best value in service delivery)

Space for free comment

The survey was made available through the councils' websites and was open for responses from 09 February to 09 March.

To provide notice of the consultation, South and Vale District Councils issued a press release and promoted it through their websites, council newsletters and social media. We also directly contacted key stakeholder groups including other local service providers, parish and town councils and organisations in the community and voluntary sector.

Upon close of the consultation, responses were analysed and key themes considered by the project management team prior to making a decision to proceed with the formal procurement process outlined.

¹ Section 3 (2) of the Local Government Act 1999

CONSULTATION RESPONSES

We received a total of 142 responses to the consultation distributed as shown in **Figure 2** between all 5 participating councils.

Figure 2: Total responses by council

Hart District Council	12
Havant Borough Council	51
Mendip District Council	29
South Oxfordshire District Council	50*
Vale of White Horse District Council	

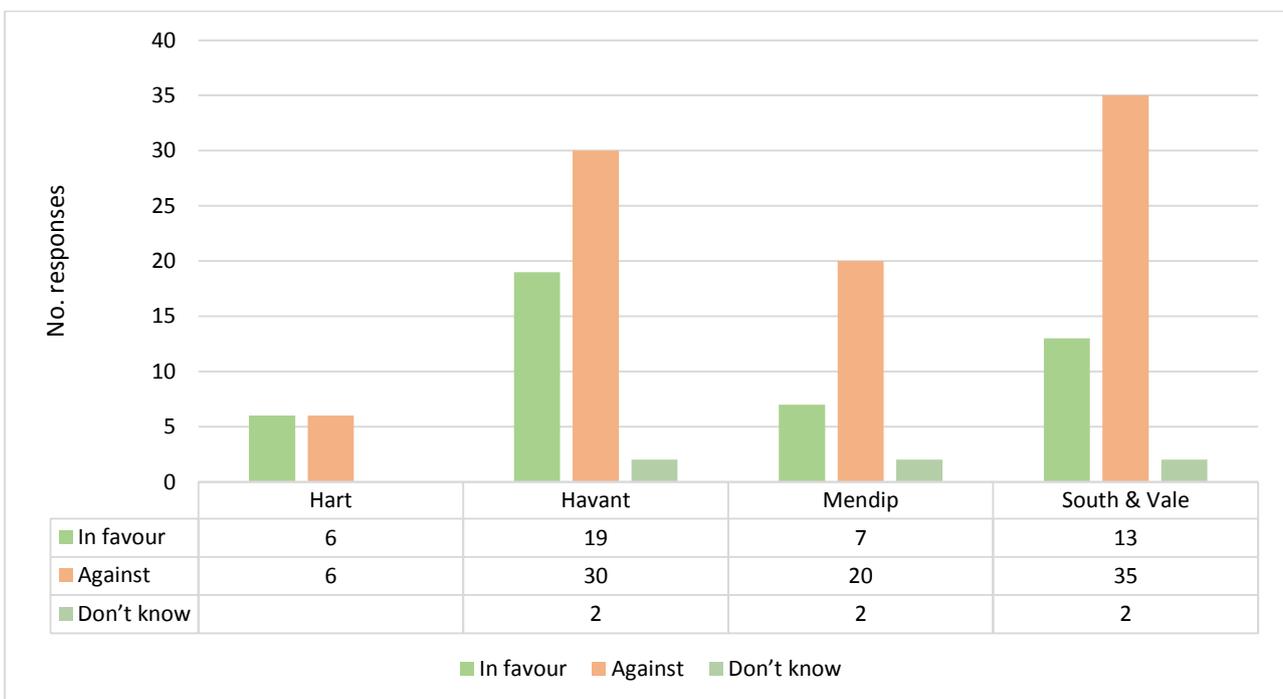
The overwhelming majority of responses were submitted by individual members of the public. Only 15 per cent were submitted on behalf of an organisation, the majority being parish or town councils, and local business including a number of legal firms.

Support for the proposal

Of the total responses received, 45 were in favour of the proposal, 91 against and a further 6 said they didn't know.

Support varied between the councils as shown in **Figure 3**. The greatest support as a percentage of responses (50 per cent) was in the district of Hart, however only a limited number of responses were received in this area. Opposition for the proposal was most pronounced in South and Vale where 70 per cent of respondents said they disagreed with the proposal in principle. This was closely followed by Havant (69 per cent against).

Figure 3: Support for the proposal by council



* Consultation for South and Vale was conducted jointly

Comments received

The consultation provided an opportunity for people to comment on the proposal put forward by the councils. The majority of respondents took this opportunity up, providing responses ranging from a single sentence to several paragraphs in length.

To make sense of these 'free text' comments we classified them according to key themes. **Figure 4** provides a count of the comments identified by theme overall and for each council.

Typical of consultations allowing open ended questions, there was a large spread of feedback. However, some comments were more common than others.

The most frequently made comment was a concern that the proposal to outsource services would reduce the number of council staff employed locally (16 per cent of all comments received). Also prevalent were concerns that the proposal would compromise the quality of service delivery (14 per cent) and that it would not result in the cost savings claimed (13 per cent).

Statements of support for the proposal

Of the 45 respondents in favour of the proposal, most said that their support was conditional on outsourcing delivering the benefits claimed.

The need to guarantee cost savings

For example, eight respondents said that they are supportive of the proposal if it results in cost savings. The majority of these comments were from respondents in South Oxfordshire and the Vale of White Horse.

There is an absolute need to ensure that the result is most cost effective (1, South and Vale)

If this proposal saves money [...], then it will be a good move (38, South and Vale)

Integration of services is an excellent way of aggregating similar functions to remove overheads and increase efficiency [...]. The key is to ensure the governance model can effectively procure, manage and deliver this new way of working (Amey, Havant)

Our response

These comments are consistent with previous South and Vale consultations on shared services, shared offices, joint procurements and efficiency initiatives. The majority of residents who have previously responded support council efforts to save public money and keep council tax levels down. This is the primary objective of the project.

Figure 4: Count of 'free text' comments received

	S&V			Havant			Hart			Mendip			Total
	For	Against	D/K	For	Against	D/K	For	Against	D/K	For	Against	D/K	
Accountability		3		1	1					2	3		10
Alternatives		3		3	4						3		13
Contingency planning	1												1
Consultation		1											1
Cost savings	7			1									8
Data protection	1			1									2
Done deal		1			1						2		4
HR Issues	1				1					1	1		4
IT issues		1											1
Lack of competition		1											1
Land search/ charges					6						1		7
Loss of corporate control				2	3						5		10
Loss of local staff knowledge/ access		11		2	9		1	3		2	3		31
More detail required		1	1	1		1							4
No cost savings/ increase		9			9						5	2	25
Not necessary		3			2						1		6
Outsource additional services	3			2									5
Partnership		4		6	1	1	1	3			2		18
Procurement process	2				1								3
Quality of service delivery compromised	2	6		2	7			2			7	1	27
Redundancies		2		1	5	1		2			4		15
Unitary		1									3		4
Total	17	47	1	22	50	3	2	10	0	5	40	3	200

Queries about the nature of the partnership between councils

Seven others, whilst supporting the principle of joint working with other local authorities, questioned the geographical relationship of the collaboration. Six of these respondents were from the borough of Havant suggesting this might be a particular concern in this area.

[I] wonder if services could be better served with adjoining council(s) rather than [with] 3 out of the area (13, Havant)

I would question the idea and value of going out to tender with other local authorities which are some distance away (41, Havant)

Our response

We approached councils which were geographically closer but they were not interested in this project. However, the innovation of this project is proving that remotely-delivered services can be delivered more efficiently in bulk to client councils which are also remote from each other. So we do not see this as an obstacle. There are additional problems and risks associated with remote clients which we've identified and will manage.

Consideration of alternatives

Several supporters in Havant, South Oxfordshire and the Vale suggested that other alternatives for achieving better value service delivery should also be considered.

I feel that all avenues of cost saving should be scrutinised carefully (14, Havant)

It is noteworthy that three of these respondents in South Oxfordshire and the Vale of White Horse questioned why design and print services were not included in the specification for these councils expressing a view that this could result in further costs savings.

Contracting out Design & Print and Application design in IT should also deliver savings - why is this not considered? (2, South and Vale)

Surprised that Design and Print is not being outsourced from facilities management. Would have liked to see this included as it appears to be an obvious area to make savings (30, South and Vale)

Our response

South and Vale no longer have centralised design and print departments. Instead the two councils have less substantial needs and already outsource individual jobs. However, this project is flexible enough to allow South and Vale to add design and print to the contract later on should that prove a more cost-effective solution.

Miscellaneous concerns

A handful of other miscellaneous concerns were also expressed by supporters. These included the need for careful management of the procurement process, a need to undertake an assessment of risk, and the need to guarantee that changes do not erode the quality of services, or result in loss of accountability to residents.

Statements objecting to the proposal

Quality of service will be adversely affected

A large proportion of the 91 respondents objecting to the councils' proposal felt it would have an adverse impact on the quality of services delivered. Some of these concerns were based on the belief that outsourcing generally resulted in a reduction of service delivery.

There is a severe failure to learn from experience in this proposal. It is not credible to claim that outsourcing would 'avoid service reductions' since in nearly all areas where this has already been done it has resulted in service reductions. The impact on service users is likely to suffer again if further services are outsourced (34, South and Vale)

Inevitably outsourcing means a reduction in service (25, Havant)

However, 26 of these respondents felt that this would result from the potential loss of staff employed by the councils locally. Many felt that the local knowledge of these staff members was an important part of providing a high quality service. A large share of these responses came from members of the public in South Oxfordshire and the Vale of White Horse.

I want to be able to come and see people locally about the services you provide and not have to deal with call centres. You risk losing local knowledge and expertise (14, South and Vale)

Services will be more remote from the public being served - those in the back office will not have any intimate knowledge of issues in VWHDC, or even where places are (24, South and Vale)

As a resident I am uncomfortable dealing with an organisation that is not my own Council and speaking to people who are well outside the area (10, Hart)

Local [staff] knowledge and familiarity with the area are valuable resources (28, Mendip)

Some respondents made a distinction between services identified for procurement, stating that the loss of locally employed staff would be felt the most where they involved an element of customer interaction.

Delivery of the front line services (i.e. benefits, taxi licencing and other legal services) is likely to have a detrimental impact on the quality of service delivery for members of the public if staff providing these services are moved out of the districts and isolated from the rest of the council (28, South and Vale)

I am involved with the licensing team on a weekly basis, I license drivers and vehicles, I need to present all of my paperwork in person (46, South and Vale)

I object to any services being outsourced to a third party provider where there is an element of local resident contact which can only be provided locally (38, Havant)

In particular, six respondents raised concerns about the loss of local staff on land search and land charge services in Havant.

I am especially concerned about the outsourcing of Local Land Charges [...] Information provided has to be correct and that is best provided by people with local knowledge (3, Havant).

Bad idea removing Land Charges from a team who know the area, the districts and local strategy and giving it to someone who has no knowledge of the area whatsoever (7, Havant)

The only way to secure best value [land search service] is to keep all the information in-house, where [...] local knowledge and responsible staff can provide accurate legal documents swiftly and cost effectively for all concerned (Hantswight Searches Ltd, Havant)

Three respondents in South and Vale also pointed out that staff employed locally by the councils would be more committed to serving their local area than employees working at a distance for a third-party provider.

Locally employed staff have a commitment to providing excellent service within their local area and actually care about it (48, South and Vale)

An outside company is unlikely to have the same commitment and dedication as the current workforce has shown [in the aftermath of the recent fire], and the costs involved in using an outside company to work such long hours at short notice could have been considerable (44, South and Vale)

The current service provided by the parking enforcers in the town centre goes beyond that of ticketing and money collecting. They are advisors, helpers, neighbourhood watch and much, much more all rolled into one. It would be such a loss to the town to lose this personal touch (37, South and Vale)

Our response

South and Vale's considerable outsourcing experience demonstrates the strengths and weaknesses of externalising services to contractors. It has significantly improved service resilience by having the contractor's much larger specialist team being able to cover staff absences, legislative changes and local disruptions. This has been proven by the outsourced revenues and benefits service being the only council service completely unaffected by the recent fire at South's offices.

Only by outsourcing revenues and benefits were the two councils able to access the substantial investment needed to replace aging legacy systems with market-leading software and associated electronic document archiving. The combination of investment, specialist support and more effective performance management has improved services such that both councils enjoy much higher performance levels than previously when delivered inhouse (e.g. council tax collection, benefit speed of processing, benefit accuracy, benefit overpayment recovery, sundry debt recovery.)

The outsourced waste service similarly attracted the investment and management needed to drive step change in waste performance, cost reductions and customer satisfaction – becoming the highest recycling districts in England. It's unlikely an inhouse service could have achieved all these things,

The new contract specifies much more than simple day-to-day transactional services. A range of cross-cutting corporate requirements will ensure any new contractor adds value across the entire councils, not just the outsourced services.

There are weaknesses associated with outsourcing such as lack of innovation and flexibility in the past. These have proven to be strengths of inhouse direct workforces, as demonstrated in the aftermath of the recent fire at South's offices. The councils recognise the complementary benefits of outsourced and inhouse arrangements and for this reason have always fostered a 'mixed economy' using both. This culture has not changed. Instead, the councils wish to test the current balance between the proportion and type of services retained inhouse compared to outsourced. Only if external organisations can prove that they can offer greater value for money by delivering the additional services being market-tested will the councils outsource them. Only the balance would shift. The councils would still retain a substantial inhouse service delivery component, including most of the key frontline services as well as certain support services.

The inhouse component would be strengthened by creating a five-council joint client department to manage any joint contract. That joint client team would provide greater resilience even than the current South-Vale two-council arrangements, which enables even better disaster recovery and business continuity capability.

The proposal will not result in cost savings

23 respondents from all areas except Hart district questioned whether the proposal to contract a third-party provider to deliver the services specified would result in cost savings. Indeed, some of these people pointed to potential inefficiencies which could mean that costs could increase.

I have worked in private industry with outsourced business functions. I have generally found that cost savings are only headline cosmetic; customer departments end up with more work to do, thus incurring a much higher hidden cost. There are indeed certain economies of scale in centralising some functions, such as holiday/sickness cover, better expertise, but after a certain point the savings are offset by increased inefficiencies (18, South and Vale)

This proposal has the potential also to further increase internal accounting which is the most inefficient use of manpower (41, South and Vale)

I am wary of the assumption that outsourcing will save money. Lots of companies who have gone down this route are now reversing those decisions (10, Havant)

Scale always involves diseconomies as well as economies but the diseconomies will be born firstly by customers and worse will be concealed from decision makers and will add to the costs of the overall service delivery in ways that cannot be recognised (7, Mendip)

Our response

In the last ten years the South-Vale management team(s) and politicians have achieved a series of radical transformational business cases which have culminated in the current situation where both councils are nationally recognised, award-winning, high performing and financially stable. E.g. joint procurements of finance, waste, grounds maintenance, leisure; shared services for finance, senior management, service teams; lean business process re-engineering; office rationalisation involving county, districts, CAB. Each business case was audacious, brave and ground-breaking, attracting scepticism and resistance from those fearing the worst case outcome. Yet each project was delivered with significant net savings and overcame all problems that arose. In most instances we over-achieved the estimated benefits.

This corporate services project is no different. We appreciate that there are opponents to it who fear the worst case, but through firm project governance and strong management we will once again over-achieve the estimated benefits.

For example, our estimated saving in September 2014 was £0.5m p.a. across the combined five councils – which was sufficient to attract government support. By March 2015 we now estimate savings of over £2m pa.

Partnership between councils is unsuitable

10 respondents against the proposal expressed concern with the nature of the partnership between the councils. A theme running throughout these comments is a feeling that the interests of local people are not best served by a geographically dispersed and seemingly distant consortia.

It is absurd to propose merging back office services with [...] distant councils (24, South and Vale)

All these tin pot councils are miles away (9, Hart)

How will 4 District Councils scattered across England work together effectively when South West One with shared populations did not? (10, Mendip)

What do Mendip have in common with South Oxfordshire, Hart or Havant? Their needs are almost certainly different to Mendip's due to their demography and geography (15, Mendip)

Our response

There is no business-rational reason why organisations must only partner with nearby organisations. Many services are already delivered remotely to the five councils under separate contracts from Carlisle (payroll), Coventry (switchboard), Bromley (council tax and business rates), Havant and Shepton Mallet (benefits). By joining up the clients we expect the councils to enjoy a greater proportion of the economies of scale and cost efficiencies.

Some of the new services in scope for South and Vale (Accountancy, HR and IT) are already delivered to the other three partner councils. A large element of them are back office services which can be delivered remotely, attracting the same efficiencies as the other services currently delivered through remote working.

Those service elements which require local presence (e.g. licensing inspections, car park patrolling, building security, physical desktop support) will of course be delivered locally with the contractor's local staff. These are likely to be the council's experienced, knowledgeable staff who currently deliver the services. This is the approach successfully adopted by Biffa and Capita.

Some of these people said that if a partnership arrangement were to be entered into, then this should be with nearby authorities.

From the point of view of keeping costs down, combined service delivery should only be entered into with adjoining local authorities so as to reduce staff travelling all over the country to attend meetings (38, Havant)

Why [have a partnership with] councils in regions that are far away instead of getting together with neighbouring councils and sharing services (12, Hart)

If VWHDC must merge its services it should do so with Cherwell and West Oxfordshire and operate as a Unitary Council with OCC, excluding Oxford City, which can stand alone (24, South and Vale)

Why are you not collaborating with adjacent local authorities (such as those in Somerset)? (5, Mendip)

Our response

Once again, a pragmatic, flexible 'mixed economy' approach reaping the benefits of both remote delivery and local delivery is a key benefit outcome from this project. This is much more effective than rigidly pursuing either wholly inhouse or wholly externalised service provision.

South and Vale has approached nearer councils on this and other joint working projects in the past but they have not wished to collaborate.

Loss of corporate control and accountability to the electorate

Another significant theme amongst those objecting to the proposals was a view that any remote or outsourced delivery could result in a loss of corporate control for the councils and thus reduce their accountability to residents.

Outsourcing firms are not democratically accountable in the way that public employees are (34, South and Vale)

It [will be] more difficult for you to redesign services against demand. Outsourcing is often based upon transactional costs rather than end to end costs and flexibility can be expensive once outsourced and will require (often protracted) negotiations (10, Havant)

As life changes and as requirements changes these are not part of the contract and therefore cannot be done (32, Havant)

Outsourcing to a public company [...] removes the work from being under the direct control of the council. Once outsourced there is no inexpensive way of moving the take back in-house (44, Havant)

Mendip's decision making flexibility is reduced, and decisions are made at the speed of the slowest consortium member. Mendip becomes locked into the consortium contract (Westbury Parish Council, Mendip)

A suggestion for improving accountability to residents was the inclusion of key performance indicators and obligations placed on the contractor to gather ongoing customer feedback.

It will be important to specify key performance indicators that guarantee quality of service delivery, i.e. gathering regular customer feedback and involving service users in forward planning. To ensure accountability the capture and reporting of this data should be the responsibility of the council, not the contractor (28, South and Vale)

Our response

South and Vale have a good track record of strong contract governance and accountability. We formed a joint committee to oversee the initial finance shared service, whereby councillors provided a critical role in holding the contractor to account. We also have embedded a mature annual contractor appraisal process whereby the councils' major contractors attend the public Scrutiny Committee for detailed performance assessment, including mandatory customer satisfaction surveys. We also publish monthly 'board reports' of all council key performance indicators of both inhouse and outsourced services for councillors and the public to scrutinise.

Councillors hold designated officers to account for specific projects, transitional arrangements and ongoing service delivery. Those officers are regularly questioned and challenged on performance, in line with our 'accountability' management value.

Miscellaneous

Other concerns raised less frequently included staff redundancies and the impact this might have on the local economy and feelings that the proposal to outsource services was a 'done deal' or is not necessary.

One respondent also questioned the legal implications of outsourcing HR functions where some services remain in-house.

As a legal professional, I would particularly advise against external HR services - they cannot advise on HR issues as well as an internal service can which causes major issues in complex litigated matters (8, Havant)

Our response

South and Vale's experience, including the revenues and benefits service and others, demonstrates that setting high contractually-binding performance targets, a motivated contractor and firm performance management can safeguard high performance and even improve on it, despite a perceived lack of local knowledge or commitment.

This is a market-testing exercise for all the in-scope services which are not currently outsourced. Unless bidders can prove they can deliver higher value for money (quality and/or cost) than inhouse provision, the services will not be outsourced.

Other alternatives should be considered

Finally, a number of those against the proposal suggested alternative means for securing best value in service delivery. These included making further efficiency savings:

It should be possible for the council's own staff to do the same work for less money, if properly organised, and supervised while doing it (36, South and Vale)

I believe that this is a lazy way to try and save money - you would be more effective if you understood the systems that are currently in place and redesigned them against the customer demands (10, Havant)

...further shared working between councils;

Why can you not look at one of the Councils themselves providing the services on behalf of all the Council involved (31, South and Vale)

Councils need to [...] work in partnership with their own neighbouring councils to reduce duplication and increase efficiencies (2, Mendip)

Why not work with the other district councils in Somerset and the County Council? With Fiscal devolution and Place-based budgets being mooted then a geographic entity (possibly a Unitary Authority) makes more sense for the local economy and democratic accountability? (27, Mendip)

Why not develop partnerships across Somerset instead of going further afield? (28, Mendip)

...creating centres of excellence or gearing existing council teams to competitively bid for work

Pooling of resources is good. It is however not necessary to outsource this to the private for-profit sector. It is also possible to find alternative arrangements to arrange the pooling of resource and benefit from the economies of scale. There appears a laziness with non-metropolitan local authorities that the for profit sector can do everything better and cheaper. A look should be taken to organisation such as the Department for Transport or Transport for London. These often set up their own independent organisations to deliver services or projects. Such a solution should be considered here (11, South and Vale)

If I were leading the Council, I would reshape it radically by creating centres of excellence and leadership in the service provision and offer to deliver functional services for other organisations in the community (16, Havant)

If cost savings do need to be made and local authorities should work directly with other local authorities to consolidate common tasks creating a centre of excellence (CoE) directly under local government control therefore keeping the cost savings within the authority. Once set up, additional authorities could on-board (44, Havant)

... outsourcing alone

Mendip would be better advised to tender for these services by itself, and join the supplier's user groups to benefit from exchange of ideas and best practice (12, Mendip)

And looking for local third-party providers to deliver some of the services specified.

Can no `third party` provider be found in Fleet, Blackwater, Yateley, Hartley Witney etc. This proposal if ever adopted totally ignores local businesses capable of these services and an insult in that regard (5, Hart)

Our response

For the past five years officers at South and Vale have been encouraged to be radical and bring forward alternative service delivery proposals to improve value for money. In spite of mandatory lean business process re-engineering (the councils' 'Fit for the future' initiative) across all services, which generated substantial savings, there were no alternative service delivery options suggested other than traditional inhouse. Given Oxfordshire's incredibly high cost of living, the inhouse model is inherently expensive, irrespective of service quality considerations. Faced with the very successful outsourced revenues and benefits model, senior management believes there are alternatives to inhouse which should be at least considered. This project is market testing alternatives.

In theory, the councils could do everything a contractor would do and save even more money by not 'leaking' profit. But this proved not to be the case the last time the revenues and benefits service was market tested. A Vale-led council bid was invited in competition with private sector bidders but failed on both quality and cost grounds.

Whilst no inhouse bid is being invited on this occasion, all shortlisted bids will be compared with inhouse provision on both quality and cost (the balance of the two constituting value for money or 'vfm'). If overall the inhouse provision represents demonstrably better vfm, management will recommend continuing inhouse provision; if bids represent better vfm, management will recommend outsourcing).

HOW WE HAVE USED RESULTS OF THE CONSULTATION

Steve Bishop, the strategic director with responsibility at South and Vale for delivering this project considered the detailed results of South's and Vale's consultation. Steve is also the project's Senior Responsible Officer for all five participating councils and he considered the general results across all five councils.

The strategic director considered each aspect of the results and provided specific comments in the relevant sections above. He also drew several general conclusions, set out below which he consulted the South and Vale leaders on, before determining that the procurement and project should proceed.

General conclusions

1. The number of responses is relatively low given the potential size of this contract and 4 week consultation window. This indicates that this is not of great interest to the majority of residents and stakeholders.
2. The relatively low number of responses is not surprising given previous public consultation on shared services, joint procurements and value for money initiatives – when the majority of residents supported initiatives to improve value for money and keep public purse costs down. It is understandable that more people with concerns (including many of the staff directly affected by the market-testing) are likely to respond than people who are generally content with the councils' ongoing efforts to pursue greater efficiencies.
3. Many of the concerns centre on this project being a mistake, that it will not produce the benefits which management has assumed will arise. This reflects a misunderstanding, that a decision has already been taken which commits the council to a single outsourcing outcome. This is a market testing exercise. Should the assumed benefits not be demonstrably deliverable, inhouse services will not be outsourced.
4. The concerns expressed during this consultation do however highlight the risks of project failure i.e. if a contractor were allowed to over-promise and under-deliver. These concerns will therefore be incorporated into the project risk register which Steve Bishop (and his three steering group colleagues from the other partner councils) are responsible for managing. The consultation responses are important and will be addressed throughout the project.
5. The consultation has not affected the original project business case, which remains overwhelming. Therefore the project will proceed.

FURTHER INFORMATION

For further information about the results of this consultation of the Corporate Services Project in general, please contact:

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