

## **TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE – 24 MAY 2005**

### **Report of Chief Executive and Strategic Director**

(This matter is the responsibility of Executive Councillor T Hall)

#### **Joint Venture Arrangements for Corporate Services**

##### 1.0 Purpose of the Report

1.1 This report will promote discussion on the future direction of this Council with respect to two inter-linked business areas:-

- Customer Access to Services and Service Improvement.
- Corporate Services (including Revenues and Housing Benefits).

##### 2.0 Decisions Required

The Executive are asked to agree in principle to this Council exploring Joint Venture options for the future delivery of Corporate Services.

##### 3.0 Background

3.1 This is an ambitious Council with clearly defined priorities. There is an understanding across the Council and amongst its partners as to what it wants to achieve.

3.2 We have ambitions with respect to the national and regional role of Taunton, infrastructure investment, the delivery of high quality development, the creation of new jobs and housing and cultural development all delivered whilst protecting the inherent asset that is our environment.

3.3 We have ambitions with respect to customer access and continued service improvement. We need to develop these into a 'Vision for Customer Access' to ensure common ownership of this agenda. We know that we want to improve our services at the front line for the benefit of our customers without placing additional burden on taxpayers.

3.4 We know that the national context is driving forward the efficiency and effectiveness agenda through initiatives such as Gershon. Gershon represents central Government's growing concerns that resources meant for front-line services are being diverted into administrative or bureaucratic functions.

3.5 We know that the necessary growth in funding required to deliver against our ambitions will not come from significant increases in Government Grant or Council Tax. We want more investment in training, service process re-engineering and best of breed technologies. These are key to transforming Customer Access, Corporate Services and overall service quality. We know

from experience that radical new ways of providing services will not come from marginal adjustments to the way we have always done things. We need to think more radically about what the Council needs to look and feel like to deliver excellence in the future.

3.6 We are moving in the right direction. It is my view though that we need to move much more quickly with vision and clear leadership if we are to deliver our ambitions on behalf of our community and customers.

3.7 We have many strengths and it is important to recognise and value these. However, we do not have all the resources and skills we need to deliver a radical change agenda. It is likely that we need to look to external partners for support and to this end I have been discussing with colleagues and other local authorities how we might work with an external strategic partner to help us transform our services and improve our customer access capabilities.

#### 4.0 Customer Access and Service Improvement

4.1 With respect to customer access, we have made significant progress in implementing Somerset Direct and developing Customer Services. At present, Taunton Deane is in the top quartile of all English District Councils for service satisfaction. We have remained at a consistent level at a time when the average performance of District Councils across the country fell by 12%.

However, we now need to position this performance within a wider Vision for Customer Access to Services. This will ensure we are clear on:-

- What we want our service delivery to look like in the future.
- How and when customers want services delivered.
- The technology requirements for enhanced customer access and service delivery.

4.2 With such a Vision we will have a clearer picture of where we want to be. All of our decisions can then be made with long-term outcomes clearly in mind.

4.3 We have yet to take full advantage of the technology we currently have to transform services, improve service quality and release resources for re-investment.

4.4 I propose that the Council debates further the Vision for Customer Access to Services to create a clear way forward on these issues.

#### 5.0 Joint Venture Options for Corporate Services

5.1 I do not believe that we have the capacity, skills or resources to take full advantage of the technology available now let alone that which will become available in the future to transform customer access and other Corporate Services ourselves.

5.2 It is for that reason that I believe a joint venture/strategic partnering arrangement for corporate services is an appropriate way forward. There are various models being implemented across the country and our research has shown that the following common benefits appear to accrue to the Councils involved.

- Improved access, to and delivery of, services.
- Services configured in a way which best meets the needs of customers.
- Streamlined and improved support services.
- Maximised resources being directed to fund the customer access strategy and front line service delivery.
- Creation of investment in staff and their working environment.
- Creation of new employment and development opportunities.

5.3 It is these sorts of benefits that would enable this Council to deliver against its ambitions and it is my belief that we should explore further these models to determine their suitability for this Council.

## 6.0 Current Position

6.1 These issues have been informally debated by all of the Somerset Council Chief Executives and Leaders. We have been using the Joint Venture between Suffolk County Council, Mid-Suffolk District Council, British Telecom and CGTI as a reference point.

6.2 The County Council approved a paper in April 2005 which paves the way for the County to enter into a comprehensive procurement process for the appointment of an external strategic partner to help them establish a Joint Venture (JV). This JV will make provision for the inclusion of District Councils either now or at some point in the future. Generally, District Councils have expressed an interest in joining this procurement process. I suggest that this Council should be seeking to be part of these JV arrangements now.

## 7.0 The Joint Venture Model

7.1 We have a 'Profile of Services' for front-line services that has established a priority for investment. We stated that we would review all support services before setting the 06/07 budget. The shape and form of support services needs to be led by the requirements of the front-line services and the Vision for Customer Access.

7.2 It is my view that we need to provide these services as efficiently as possible. To do so requires levels of investment in technology and business process re-engineering that we simply cannot afford ourselves. So what are our options?

7.3 The status quo simply cannot be acceptable.

- 7.4 If the agenda is to purely reduce costs then traditional externalisation presents a way forward. However experience has taught us that this model holds significant risks compared to limited benefits and will not necessarily drive up quality.
- 7.5 We have therefore been exploring Joint Venture models as an alternative to traditional externalisation.
- 7.6 Very simply any external partner(s) would bring the upfront capital investment and business process re-engineering skills needed to transform our services and deliver specified service improvements. In the Suffolk model County, Mid-Suffolk and BT formed a Joint Venture Company (CSD – ‘Customer Service Direct’) in which they all had a proportionate share. Staff from the Local Authorities were seconded to the JV therefore protecting their employment status. BT provided upfront capital investment of circa £50 million. The agreement was for 10 years. During that period agreed access and service improvements will be delivered through technological investment, cultural change, process re-engineering and training and development of existing staff. The efficiency savings delivered create a return on the external partners initial involvement.
- 7.7 What is distinctive about strategic partnerships (such as the one we have with the Leisure Trust) is that they are real partnerships with a significant element of Local Authority involvement and control.
- 7.8 It is important to emphasize that I am only using the Suffolk model for illustrative purposes. Thoughts about the model for the future and any potential partners will be shaped by further research and negotiations.
- 8.0 The Way Forward
- 8.1 I believe that we need to make decisions about the future on the basis of the little we know now or can reasonably predict.
- 8.2 We do know we have high ambitions in terms of developing our Borough. We do know what front-line services are our priorities. We have high ambitions for front-line service quality. We know we can't fund our ambitions alone. We know despite our considerable strengths that re-engineering services is not one of our 'core competencies' and that we do not have the capacity and space to move at the pace we need to. We know very little of the technologies and processes upon which we will depend in ten years' time. More worryingly, we don't have a clear vision of how we will develop those that we do know something about or where the capital is coming from to fund them.
- 8.3 I believe we should develop a clear Vision for Customer Access to Services (para 4.4) and that we should seize the opportunity provided by the work initiated by the Somerset Councils and agree in principle to work with them to explore a Joint Venture model and to procure a preferred partner to advise on this. I am suggesting the Council sign up in principle to a conceptual model with some business case principles but without a firm business case. If the business case developed by further research and 'soft market' testing for a potential partner does not work for this Council then we would pull out.

8.4 The County Council are already committed to this way forward and their timetable is ambitious. I am simply saying at this stage that we should agree in principle to work alongside the County. There will be many more opportunities to discuss the business case as it unfolds and a formal consultation and a series of decisions will need to be made by the Council. However, if we want to take this opportunity to work with the County on developing a JV with an external partner we need to act now.

8.5 There is another option which is to take a 'watching brief' and allow the County to set up a JV which we may then choose to join later. However, there are several benefits to being a founder partner. These include:-

- A stake in the Joint Venture proportionate to our participation;
- Influence and control over the shape and direction of the JV;
- Influence and control over the selection of the preferred partner;
- Strategic positioning for District Council services such as revenues and benefits.

8.6 I would suggest that these benefits far outweigh the risks of agreeing in principle to work as a founder partner on any Joint Venture arrangement for Somerset.

8.7 Corporate Management Team has already agreed to the setting up of a Joint Venture Project team. Shirlene Adam is the Project Director and Jill Sillifant the Project Manager. Other arrangements have been made to support input from Finance, Human Resources, Communications, all of Corporate Services, Unison and Staff Side.

#### 9.0 Timescale

9.1 If an in principle decision is taken now, then an outline business case will be presented to the Executive in June. A firm business case will be presented in July and a final decision will be required in August.

9.2 At the same time, the Vision for Customer Access to Services will be developed through the scrutiny process for final adoption in August.

#### 10.0 Conclusion

10.1 This is an ambitious Council. I believe that whilst we need to sharpen our Access Vision, we know that we want to achieve improvements in this area to front line services. I believe our ambitions could be frustrated by our capacity, skills and resource availability.

10.2 Sharpening our Access Vision and exploring a Joint Venture model for delivery of that Vision, for re-shaping corporate services and for unlocking resources to fund transformational change in service quality is, I suggest, the way forward. It makes sense to work with our Somerset colleagues.

10.3 The contingent opportunity provided by the County Council's decision does mean that we need to make a decision in principle based on limited business information but I believe this is the right thing for this Council to do if it is really serious about delivering transformational change.

11.0 Recommendations

11.1 That the Vision for Customer Access to Services is developed and adopted through debate and engagement of Members, partners and customers.

11.2 That the Executive agree in principle to this Council joining the County Council (and any other interested District Council) in exploring a Joint Venture solution for the future delivery of Corporate Services.

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