

10th July 2019

Policy, Resources and Economic Development

Service Arrangements

Report of: *Steve Summers – Interim Chief Executive*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 Many local authorities share services in order to improve efficiency, service delivery and enhance the resilience and capacity of individual councils.
- 1.2 The Council has a number of different arrangements to assist in delivering its services to the public. This report sets out for the committee what arrangements are currently in place.

2. Recommendation(s)

- 2.1 That members note the report and consider what further information and/or action is required regarding service arrangements.**

3. Introduction and Background

- 3.1 Local authorities have always had the legal power to make use of different forms of service delivery. Following the introduction of compulsory competitive tendering in the Local Government Act 1988, authorities were legally required to open many of their services to competitive tender. This requirement was replaced by the “Best Value” regime under the Local Government Act 1999, since when many forms of alternative service provision have been in use.
- 3.2 The 2011 White Paper, Open Public Services, promoted greater use of different forms of service delivery.

4. Issue, Options and Analysis of Options

- 4.1 Most local authorities no longer rely on “in house” operations to deliver services. There are a number of the alternative approaches being used by local authorities which include the use of “shared services”, between multiple local authorities and also between local authorities and other public bodies.
- 4.2 In addition there can be outsourcing to private or voluntary providers, and the opposite, “insourcing” using Local Authority Trading Companies to trade for profit, providing a revenue stream for the local authority.
- 4.3 The benefits of such arrangements, financial and otherwise, are clear but it takes commitment from all stakeholders to make such arrangements a success.
- 4.4 Set out in the table below are Brentwood Borough Council’s current arrangements:

Service	Provider	Arrangement	Start Date /Termination Notice	Reported
Planning – Development Management (Managed Service)	Thurrock Council	Memorandum of Understanding – Managed Service – Officers providing service are Brentwood Borough Council employees.	01/04/2017/ 6 Months Notice	Operational Contract Meetings; KPI’s reported to Audit and Scrutiny via working group
Environmental Health (Managed Service)	Thurrock Council	Memorandum of Understanding – Managed Service - Officers providing service are Brentwood Borough Council employees.	01/10/2017/ 6 Months Notice	Operational Contract Meetings; KPI’s reported to Audit and Scrutiny via working group
Licensing (Managed Service)	Thurrock Council	Memorandum of Understanding – Managed Service – Licensing Manager is a Thurrock employee, all other Officers are	01/10/2017/ 6 Months Notice	Operational Contract Meetings; KPI’s reported to Audit and Scrutiny via

		Brentwood Borough Council employees.		working group
Revenue & Benefits	Basildon Borough Council	Section 101 Agreement	01/04/2017/ 18 Months Notice	Operational Contract Meetings; KPI's reported to Audit and Scrutiny via working group
Internal Audit	BDO LLP	Contract Direct Award 2 years, option to extend for 1 year.	01/04/2018/ 3 Months Notice	KPI's reported to Audit and Scrutiny in progress reports.
HR/Payroll	Thurrock Council	Contract 3 years, option to extend for 2 years.	01/04/2018/ 12 Months Notice	Operational Contract Meetings
Data Protection Officer	Thurrock Council	Memorandum of Understanding	16/02/2018/ 3 Months Notice	Operational Contract Meetings; Progress reported to PRED
Legal	London Borough of Barking & Dagenham	Memorandum of Understanding	28/01/2016/ 3 Months Notice	Operational Contract Meetings
Housing – Repairs & Maintenance	Axis Europe plc	Contract	04/06/2019/ 12 Months Notice	Operational Contract Meetings; KPI's reported to Audit and Scrutiny via working group
Commercial	Seven Arches Investment Limited	Local Authority Trading Company	01/04/2018	Director/Client Meetings

4.5 An explanation of each arrangement is highlighted below.

- **A memorandum of understanding (MOU)** is a type of agreement between two or more parties. It is generally not a legally binding document.

- **Section 101 agreement** refers to an arrangement made under the Local Government Act 1972, where a Local Authority may arrange for the discharge of any of its functions by another Local Authority.
- **A contract** is a written or spoken agreement that is intended to be enforceable by law.
- **Local Authority Trading Company** – free to operate as a commercial company but remains wholly owned by the parent Local Authority.

4.6 Each arrangement has its own performance measures and are reviewed subsequently by contract managers depending on the individual terms. In most cases, the performance measures are reported to committee through various channels.

5. Reasons for Recommendation

5.1 For members to be informed of the different arrangements in place for Council services.

6. Consultation

6.1 No consultation was required for the report.

7. References to Corporate Plan

7.1 Service arrangements and contracts should align themselves with the Council's Corporate Plan.

8. Implications

Financial Implications

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8.1 Alternative approaches to service arrangements are used by Local Authorities for financial and non-financial benefits as was the case for the arrangements above when they were first introduced.

8.2 There would be a considerable financial burden and investment in bringing these service arrangements back in house. For instance, staff resources to carry out the work as well as potential major investment into system software to provide the security, data and information the services will need.

- 8.3 In order to make sure these services are providing value for money, they are regularly monitored through individual performance measures and in most cases reported to committee through various channels.

Legal Implications

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- 8.4 The recommendation is lawful and within the Council's powers and duties. Section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The review and implementation of appropriate service arrangements can help to secure best value for the Council in the delivery of services and minimise risk.
- 8.5 Members should note that effective consultation may need to be carried out as part of any formal decision-making process for changing the way in which some services are delivered. The outcome of any consultation must be conscientiously taken into account as part of any lawful decision-making process.
- 8.6 Any formal agreements to change service arrangements must be in a form approved by Legal Services.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.7 None at this stage.

9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None

10. Appendices to this report

- 10.1 None

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