



Performance Management
Scrutiny Committee

11th May 2016

Item

Public

A PARTNERSHIP APPROACH IN DESIGNING THE FUTURE OF OUR LOCAL SERVICES

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1. Summary

Shropshire Council is projected to have a funding shortfall of £61m by 2018/19, resulting in discretionary services such as leisure, libraries, museums, public open spaces and support for youth activities facing significant cutbacks or in the worst case scenario - closure. To help secure a sustainable future for local services and community based assets Shropshire Council wants to work with town and parish councils and other local partners such as community groups, the voluntary and community sector, the education sector and the business sector to develop new service delivery models and funding streams for local services and assets. This could include the transfer of assets and services from Shropshire Council to other organisations, new partnership arrangements that are able to secure new funding streams for local services or the generation of additional income by local councils to support service delivery.

This report reflects the recent Cabinet Report 'A Partnership Approach in Designing the Future of our Local Services', which describes the principles and approaches Shropshire Council will use to engage and work with our partners such as town and parish councils, to secure a sustainable future for local services and community based assets. It also provides an update on progress on the work so far and a summary of the key issues that have been identified as being of importance to the successful implementation of the described approaches.

A table detailing the Shropshire Council services and assets within the scope of this work, their current funding arrangements and the proposal for each from 2017/18 as described in the updated Financial Strategy is attached to this report as Appendix 2

2. Recommendations

- 2.1 That Scrutiny Committee members provide feedback and comment in respect of the council's approach and work done to date
- 2.2 That the Scrutiny Committee offers direction on how the role of the elected member plays an active part in these discussions at a local level.
- 2.3 That a further update on this work is brought back to Performance and Management Scrutiny in October 2016

REPORT

1. Risk Assessment and Opportunities Appraisal

- 1.1 An Equality and Social Inclusion Impact Assessment (ESIIA) has been developed to support the overarching programme development and management of the activity being carried. This will support the completion of the individual ESIIAs that will be required to inform proposals to make changes to the delivery of individual services.
- 1.2 A project group of the geographic and thematic lead officers meets regularly to review progress and confirm actions.
- 1.3 Detailed below is a high level overview of the key risks and how these are being mitigated:

Risk	Mitigation plans in place
Lack of capacity and confidence within organisations means that they are reluctant to take on the management of local assets and services	Invest in providing generic and bespoke support via a wide variety of means including SALC, the Community Enablement Team, web based resources, on-going professional support for new arrangements
There is an insufficient level of resource within Shropshire Council to deliver the work associated with the transfer of services and assets with the proposed timeline	Previous project management experience is being used to understand the resource and time needed to deliver the various elements of transfer work to inform this programme and any adjustments that may need to be made
Shropshire Council is unable to put in place new delivery models for services as it is at risk of breaching its statutory duties	Understand in detail what the relevant statutory duties are and incorporate this into future design and decision making. Programme lead to assess the emerging risks and opportunities and keep the Director of Commissioning informed of these
The future delivery of services is compromised and fails to meet minimum requirements	An ESIIA will be completed and regularly reviewed for each opportunity and will be used to inform and manage the potential impacts of future provision. Future service delivery will be formalised within appropriate delegation /contract/grant agreements and will be monitored by the Council's commissioners
Changes to the delivery of services have unintended or unforeseen consequences in other areas, e.g. a reduction in swimming provision impacts upon how the council currently delivers its responsibility to provide swimming lessons to primary school children at KS2	Service lead officers are creating specific risk assessments on how services are currently delivered and accessed to ensure that the impact of any proposed changes are fully understood and considered in any decision making

New arrangements are not introduced in a timely fashion, which impacts on the ability to meet council budget saving targets in 2017/18	Robust programme management in place. Programme lead in place. Project group established. Timeline for activity in place and being widely communicated.
The emergence of new solutions is not consistent, leading to the design and delivery of services, which is inconsistent or doesn't fit with current strategies	Programme lead to create overview of proposals coming forward and enable service leads and the Director of Commissioning to assess these as part of a wider service provision
Legal challenge to proposals delays or prevents potential new solutions being implemented	Carry out local informal engagement or soft market testing to enable expressions of interests to be identified, carry out formal consultation on viable proposals including the completion of ESIIAs to understand the impact of any changes to services. Incorporate any wider learning into the council's approaches. Ensure recommendations and decisions are made correctly by taking specific advice from across the council.
Connections between the activity described in this report and that described within future reports on new arrangements for the Highways Maintenance Operating Model are not made and acted upon	Appropriate joint working structures are put in place to enable the necessary close development of specific thematic areas of activity

2. Financial implications

- 2.1 Shropshire Council published its updated Financial Strategy on 17th February 2016. Since 2009, £146m has been removed from Shropshire Council's budget due to significant funding cuts. By 2020/21 the government's £44m revenue support grant is forecast to end. Before the final settlement for 2016/17 it had been anticipated that a further £77m savings would be required over the next 5 years due to the combination of inflationary increases in costs, demographic pressure, particularly in adult social care, and cuts in government grants. However, further pressures identified within the February Financial Strategy identify a worse position than forecast, with £61m savings now required by 2018/19.
- 2.2 The council wants to accelerate its locality commissioning approach and to work with town and parish councils to rapidly develop new service delivery models and funding streams to enable local services and community based assets to be sustained. The cost of providing these services and assets will need to be met through funding raised from other sources, e.g. from the increased precepts of town and parish councils and from income generated from new delivery or management models.

2.3 An indicative Place Based Budgets spreadsheet, breaking down the locality based at-risk activity and the costs of these is attached as Appendix 1. The totality of Shropshire Council's current controllable spend over these services is in the region of £5m.

2.4 Shropshire Council believes that there are a number of alternative ways in which funding for local services and assets can be generated or that the costs of running these can be reduced. These include -

- town and parish councils increasing their precept to raise additional income – particularly as they are not subject to the same cap as Shropshire Council
- generating income from assets and services in new and innovative ways
- partnership working
- investing in energy efficiency or energy generating schemes

3. Activity undertaken to date

3.1 The table below details where, and with whom the council will be having conversations with about the future of local services, and also gives a summary of progress so far. Senior members and officers have been proactive in attending Local Joint Committees to talk with communities about the council's financial position and the potential impact on local services. These meetings have an opportunity for local people to understand what this means for their area and how they can respond to this. Discussions with town councils in all of the market towns have either started or are scheduled to take place shortly. Some discussions have also taken place with parish councils. There have also been discussions with community groups, particularly those supporting public open spaces.

The council is being both proactive and reactive in its approach, i.e. it is initiating discussions and responding positively to invitations for initial conversations. As the programme gets fully underway it may be necessary to prioritise discussions to ensure the most impactful areas or services are being focussed on.

	Conversation type	Geographical areas	Options for where/how to have discussions	Summary of progress (03/05/16)
1	A conversation with larger town councils about the assets and services in their towns that Shropshire Council is currently funding, which would include asking the surrounding parish councils if they are willing to contribute to the future running costs of these, on the understanding that their residents will be making use of them.	Shrewsbury, Oswestry, Ellesmere, Wem, Pontesbury, Highley, Albrighton, Shifnal, Ludlow, Bridgnorth, Much Wenlock, Ludlow, Market Drayton, Whitchurch, Church Stretton, Craven Arms, Cleobury Mortimer, Bishops Castle, Broseley	Directly with town councils. Through Local Joint Committee clusters. Through other town council/ parish council clusters. Through SALC Area Committees	Every town council has either had an initial discussion with a lead officer or is scheduled to in the near future Actions from these meetings are being worked on

				<p>Presentations have been given by senior members and officers at many LJsCs</p> <p>Invitations have been issued and accepted for discussions at SALC Area Committees</p>
2	A conversation with other organisations potentially interested in taking on the responsibility for local assets and services that Shropshire Council is currently funding	Shrewsbury, Oswestry, Ellesmere, Wem, Pontesbury, Highley, Albrighton, Shifnal, Ludlow, Bridgnorth, Much Wenlock, Ludlow, Market Drayton, Whitchurch, Church Stretton, Craven Arms, Cleobury Mortimer, Bishops Castle, Broseley	Directly with interested organisations or through discussions facilitated by local councils	<p>Presentation and update given to the VCSA Executive Board</p> <p>Any expressions of interest from organisations are being followed up appropriately</p>
3	A conversation about individual assets in each of the parishes that Shropshire Council is currently funding, e.g. rights of way, play areas, open spaces, countryside parks	e.g. parish councils, Friends of Groups, community groups	Directly with interested organisations or through discussions facilitated by local parish councils	Discussions at individual or groups of parish councils taking place. Officers initiating discussions directly with Parish Councils
4	A conversation about designing the post-2018 highways contract to enable the town and parish councils to be responsible for the delivery of some environmental maintenance	All town and parish councils	Through Local Joint Committee clusters. Through other town council/parish council clusters. Through SALC Area Committees	Shrewsbury Town Council has organised a meeting of local councils in the Shrewsbury area to discuss how they could work together to deliver grounds maintenance in the future

3.2 One example of how local communities are working together with the aim of creating local services that are sustainable without Shropshire Council funding are Pontesbury and Gobowen library services. Both services have previously been identified as being at risk of closure as part of the existing budget reductions the council's library service has to make. Both parish councils are making a contribution towards the running costs of the library in 2016/17 and are working in partnership with other local organisations, the Friends of the Library group and surrounding parish councils to design new ways for the library buildings to be used and the service delivered, and to generate more income that will ensure the sustainability of the service. This work is supported by the Area Librarians, the local Community Enabling Officers (CEOs) and has received expert advice from Locality – a national organisation that specialises in supporting communities to become involved in shaping their areas and delivering services.

4. Decommissioning Approach

4.1 The council has made it clear that firm new funding or management plans for the services and assets in scope need to be in place by September 2016 and if a way forward is not established by then, it will have to consider decommissioning the service. The council's decommissioning guidance is attached to this report as Appendix 3.

5. Roles and responsibilities

5.1 A number of lead officers have responsibility for the discussions that are taking place within the towns, and these are detailed within the budget and progress update spreadsheet attached as Appendix 1. (Senior) Community Enablement Officers (SCEOs/CEOs) are supporting the lead officers and leading on the discussions on assets outside the towns where this is appropriate, e.g. individual play areas within parishes. Officers from Finance, Estates and Property Services, IT, Legal and HR services are providing the necessary specialised advice and support.

5.2 Shropshire Council's elected members have close working relationships with their local town and parish councils. Local members in their role as community champions will play an important role in supporting and leading at a local level the proposed activity

5.3 Information within a resource pack is being provided to town and parish councils in preparation for discussions. The pack contains –

- strategic background information, e.g. the updated financial strategy, recent Cabinet reports, details of timelines, and the range of discussions the council will be having with town and parish councils and other organisations
- details of lead officers and (S)CEOs
- precept calculation i.e. impact on town/parish council precept if it was used to fund local services
- summary of each asset and service in scope
- financial information relating to the delivery of each service
- ownership details of assets
- how services are currently delivered
- existing contracts and any Service Level Agreements
- any potential TUPE responsibilities

6. Programme management

6.1 Due to the complexity of this work, e.g. multiple services within 18 market towns, and a challenging timeline for its delivery, effective and robust programme management is essential. A programme lead has been put in place who will work with the programme management tools available within the Commissioning Support Unit and Property Services to create information that will enable an understanding of progress within specific places and services and also the programme as a whole.

7. Engagement approaches

7.1 Appropriate and effective engagement throughout this process to seek new solutions for the delivery of local services will be vital. The recent Cabinet report 'A Partnership Approach in Designing the Future of our Local Services' described how initial engagement with a range of organisations, including town and parish councils would be initiated and the existing channels available to do this. This informal engagement will be part of an approach which will include, where necessary, soft market testing to enable a number of proposals to be made within a time limited period and formal consultation conducted on proposed new solutions.

8. Summary of key areas of importance identified so far

8.1 Through the many discussions we have had with individual organisations, infrastructure providers, the project group and elected members, a number of issues have been identified as potentially having significant impact upon the work that is being undertaken. These are detailed below –

- Detailed work has begun to enable us to fully understand the **council's statutory duty** to deliver some services. This is still at the early stages and its interpretation will be key.
- There are a small, but significant number of services within the scope of this work that have either **external funding or contractual obligations**. The financial impact of decommissioning services that have these obligations needs to be assessed and fully understood. Areas include museums, leisure centres, swimming pools and countryside sites.
- The **challenging timeline** the council is working to has been identified as being of concern to organisations that are potentially interested in taking on the responsibility for services and assets. The council is not saying that new arrangements need to be in place by September 2016, but that firm new management or funding plans will need to be in place by then, or not, to allow the necessary arrangements relating to either scenario to be enacted in time for the start of the new financial year. Robust programme management will support the timing of the delivery of activity, but the council does recognise that its potential partner organisations will have their own timelines to work to – particularly around decision making, and that will need to be recognised. The council is working in exceptional circumstances due to its forecasted future financial position and this is shaping the approaches it is taking with this work.
- The potential for **town and parish councils to cluster or federate** to fund the future delivery of services accessed by residents from across a wider

area, e.g. a library service based within a town council area that is also used by people living in surrounding parishes. Town and parish councils are also interested in exploring how they could be clustered to facilitate area based delivery of the council's future grounds maintenance contract and the council is keen to work with the support of the Shropshire Association of Local Councils (SALC) to investigate this further with local councils.

- Concerns have been raised that the council's locality approach to seeking new solutions for the future delivery of local services could result in a **difference in provision of these services** across the county. The council is aware of the risk of this scenario developing and will closely review the outcomes of local discussions to understand the potential impact on county wide provision and its statutory duties.
- There have been requests from some organisations for **support from the council** that will build the capacity, knowledge and confidence that will enable a transition from the existing to new management models and structures. Shropshire is fortunate to have active and engaged infrastructure support through its VCSA and SALC, and the council has recently worked with them to deliver capacity building support from Locality. The council recognises that the availability of this support could contribute to the innovation and sustainability of new ideas. It is currently proposed that the support that is now being requested could be provided through a combination of the local SCEO/CEO and expert specialised advice, which the council could procure on an invest to save basis.

Concerns have also been raised about the longer term support from the Community Enablement Team – at present the team is one of the areas at risk and yet partners and elected members are voicing concerns that they will need this team to enable the transition to take place.

- There are opportunities for **organisations to work in partnership** to design and deliver new management solutions for services and assets, e.g. town councils with a local VCS group, parish councils with local Friends of Open Spaces groups, VCS organisations to create a consortium around a service that they have a shared interest in, town and parish councils to cluster so that costs, skills and resources can be shared. There is an opportunity for the VCSA and SALC to continue the approach they have recently used to support the building of capacity of members within their respective sectors and the council would like to continue to work alongside them to enable this to happen.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Shropshire Council's Financial Strategy 17th February 2016

<http://shropshire.gov.uk/committee-services/documents/s10951/6%20Financial%20Strategy%202016%2017%20to%202018%2019.pdf>

Shropshire Council's Financial Strategy 27th January 2016

<https://shropshire.gov.uk/committee-services/documents/s10607/20160127%20Cabinet%20Finance%20Strategy%20Absolute%20Final%20Document.pdf>

Shropshire Council – The Big Conversation

<https://www.shropshire.gov.uk/big-conversation/>

Shropshire Council – ‘Commissioning for the future’

<http://shropshire.gov.uk/media/1405810/Commissioning-for-the-Future.pdf>

Shropshire Council Cabinet Report 6th April 2016 - ‘A partnership approach in designing the future of our local services’

<http://shropshire.gov.uk/committee-services/documents/g2913/Public%20reports%20pack%2006th-Apr-2016%2012.30%20Cabinet.pdf?T=10>

Cabinet Members:

Cllr Cecilia Motley, Portfolio Holder for Resilient Communities

Cllr Stuart West, Portfolio Holder for Culture and Leisure

Cllr Michael Wood, Portfolio Holder for Corporate Services

Local Members:

All local members

Appendices:

1. Shropshire Council – Place Based Budgets
2. Shropshire Council – table showing the list of the local services and assets within the scope of transfer discussions
3. Shropshire Council Decommissioning guidance