

Alternative Service Delivery Models - High Level Review of Options for Brighton and Hove City Council Central Services

1. Executive Summary

Introduction

The scale of the budget challenge facing the council is well understood. Central services need to deliver savings whilst also supporting effective change in the organisation. The current model is unsustainable in this context and there is significant strain on some essential support services. Put simply, there is a need to explore new strategic choices as well as finding more effective and efficient ways of working.

This high level review considers the options for developing central services provided by Brighton and Hove City Council (BHCC).

Services considered by this review

The services considered by this review were selected because of their potential for being successfully delivered via a range of operational models. They comprise:

- most of the services provided by the Finance and Resources Directorate including finance, ICT, HR and property but excluding revenues and benefits
- legal and democratic services
- policy

Review of services

The key strengths of these services are public sector expertise, local knowledge and networks and benchmarking data suggests reasonable VFM. However, the services are struggling to find the way forward against the backdrop of Local Authority funding pressures. Generally, their preferred route is in-house improvement and increased trading to other public services. This is likely to be challenging because:

- these services are operating in a nature and highly competitive market sector; and
- officers need to strengthen their business culture and skills and have insufficient knowledge of, or exposure to good practice.

The net revenue budget for these services is circa £22 million, but the opportunity for cost savings are relatively limited at perhaps 5 to 10%. There is some opportunity to grow income of perhaps up to 5%. This suggests that there is a potential for a net

saving of circa £2m. This review recommends that the Council sets a target for any future business case assessments.

In the short-term, these services need to develop a more robust corporate internal trading model. This will enable the Council to understand how central services provide support to the whole organisation, which will both enable any savings to be made internally and also underpin the information requirements for any shared service model.

Models for delivery of central services

This review considered a range of options within four broad models:

- keeping services in-house;
- a public-private partnership e.g. outsourcing to the private sector or through a joint venture;
- a public-public partnership e.g. contract with a public sector provider or through a shared services with a public sector partner; and
- a public social vehicle e.g. social enterprise, mutual or co-operative.

A set of high level objectives summarising what BHCC wants to achieve from this high level review were agreed:

- Efficiency - to maximize cost efficiency with the potential to reduce delivery costs and enhance trading opportunities;
- Modernisation - to deliver high quality , flexible services with better capacity to manage change;
- Customer Focus - the potential to improve relationships with customers by transforming the delivery of customers business;
- Strategic Fit - the potential to maximise job opportunities for employees and the city; to strengthen collaborative public service delivery for Greater Brighton and Hove ; to support the delivery of the council/ city agenda;
- Pace and Resilience - the potential for timely implementation , rapid delivery of benefits , to create resilience and manage risk through collaboration with key partners.

Potential deliver models were assessed against these objectives.

The model with the potential to meet most/all of the Council's objectives is a shared service arrangement i.e. a public-public partnership, that includes some or most of the services included within this review. This is because a shared service arrangement:

- would build on the council's existing network of public service relationships and intention to strengthen place leadership;
- would keep services local;
- is low risk compared to other models, can be implemented quickly with low set up costs;
- could deliver an estimated 15% savings over a four year period; and
- would maximise opportunities for staff and open up new trading opportunities.

During the course of this review, the Council has been given the opportunity to join the emerging shared services model being developed by East Sussex and Surrey County Councils. It is recommended that the BHCC explores this opportunity.

Suggested next steps and recommendations

- The Council should establish a target for expected savings from any restructuring.
- In the short-term, these services need to develop a more robust corporate internal trading model.
- The Council should consider the options for developing a shared service arrangement for some or all of the services included within this review. This should include consideration of whether to join the emerging shared services model being developed by East Sussex and Surrey County Councils.
- A lead officer will be needed to take this work forward. This could be a short term and full time role, and requires someone with strong commercial skills.

