

# AGENDA

## SPECIAL STRATEGIC LEADERSHIP AND CORPORATE SERVICES OVERVIEW AND SCRUTINY COMMITTEE MEETING



Overview and Scrutiny

Date: Tuesday 15 April 2014  
Time: 10.00 am  
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors: Black, Butler, Mrs Gooch (Chairman), Mrs Grigg  
(Vice-Chairman), Hotson, D Mortimer, Nelson-Gracie,  
Mrs Parvin and Pickett

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1. **The Committee to consider whether all items on the agenda should be webcast**
2. **Apologies**
3. **Notification of Substitute Members**
4. **Notification of Visiting Members/Witnesses**
5. **Disclosures by Members and Officers**
6. **To consider whether any items should be taken in private because of the possible disclosure of exempt information**
7. **MKIP Update and Next Steps Report**  
Interview with Jane Clarke, MKIP Programme Manager

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The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact Christian Scade on 01622 602523**. To find out more about the work of the Overview and Scrutiny Committees, please visit [www.maidstone.gov.uk/osc](http://www.maidstone.gov.uk/osc)

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**Issued on 7 April 2014**

*Alison Broom*

**Alison Broom, Chief Executive, Maidstone Borough Council,  
Maidstone House, King Street, Maidstone Kent ME15 6JQ**

# Agenda Item 7

## **Maidstone Borough Council**

### **Strategic Leadership and Corporate Services Overview and Scrutiny Committee**

**Tuesday 15 April 2014**

#### **MKIP UPDATE AND NEXT STEPS REPORT**

While reading the following report you may want to think about:

- What you want to know from the report;
- What questions you would like answered.

Make a note of your questions in the box below.

As you read the report you may think of other questions .

Questions I would like to ask regarding this report:

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**MAIDSTONE BOROUGH COUNCIL**

**STRATEGIC LEADERSHIP AND CORPORATE SERVICES OVERVIEW  
AND SCRUTINY COMMITTEE**

**TUESDAY 15 APRIL 2014**

**REPORT OF MKIP Programme Manager**

**Report prepared by Jane Clarke**  
**MKIP Programme Manager**

**MKIP UPDATE AND NEXT STEPS REPORT**

**1 Issue for Consideration**

- 1.1 This report provides an update on the Mid Kent Improvement Partnership programme and explains the next steps.
- 1.2 It invites scrutiny members to consider what areas of work they might like to feed into over the next twelve months, and asks how they would like to feed into the work streams of the programme.

**2 Recommendation of MKIP Management Board**

- 2.1 The work streams for the next twelve months fall broadly into two categories:
  - (i) trial and assessment of the Mid Kent Services "single lead provider director" operational model; and
  - (ii) assessment and resolution of practical issues that have arisen through working in partnership. These issues have been identified as:
    - improving and co-ordinating performance monitoring and reporting requirements from each shared service to the MKIP Management Board;
    - improving and sharing good practice amongst the Shared Service Boards, which includes developing shared service plans, collaboration agreements and service level agreements for each shared service;
    - consolidating shared service budgets;
    - removing duplication and streamlining decision-making processes (corporately and politically); and
    - developing a comprehensive communication and engagement strategy for staff, members, stakeholder organisations (e.g. KCC) and where relevant, members of the public.

- 2.2 The governance arrangements are not currently being examined by the Programme, and this report does not seek to review this area of Partnership work.

### **Recommendation**

- 2.3 Scrutiny members are asked to consider the above work streams and decide when and how they would like to input into the development of the work over the next twelve months.

## **3 Reasons for Recommendation**

- 3.1 To ensure that members remain up-to-date and engaged with the Mid Kent Improvement Partnership programme, and to provide an opportunity for involvement in the work streams for the year ahead.

## **4 Background**

- 4.1 The Mid Kent Improvement Partnership was formed in 2008, and originally included Ashford Borough Council as a partner authority. It began with Mid Kent Audit, which went live as a four-way shared service in 2009.
- 4.2 The original objectives of the partnership were to improve the quality of service to communities; to improve the resilience of service delivery; to deliver efficiency saving in the procurement, management and delivery of services; to explore opportunities for trading in the medium to long-term; and to share best practice.
- 4.3 Those objectives have stayed largely the same over the subsequent years, but with an additional objective added in 2012 to stabilize or reduce the environmental impact of service provision.
- 4.4 The partnership has grown and evolved organically over the last six years to include two three-way shared services: Mid Kent Legal and Mid Kent ICT; and three two-way shared services: Mid Kent Revenues & Benefits, Mid Kent HR and Mid Kent Parking Enforcement. Three new shared services will be going live this year: a two-way GIS shared service, and three-way Planning Support and Environmental Health services. Additionally, the Fraud Investigation Team will be moving from a two-way shared service to a three-way service.
- 4.5 This approach has allowed the partner authorities to be flexible in their decisions to joining services, and make decisions to share that are right for the local context. It has also enabled the partnership to expand and adapt quickly, taking opportunities to share as and when they arise. Whilst this unstructured approach has been successful in bringing services on stream quickly and effectively, it has also meant that a number of operational and practical issues have arisen that need resolution.

## **5 Where are we now?**

- 5.1 By 2013 the shared services accounted for around 18 percent of the joint local authority budgets. This suggested that the shared services were now of a sufficient size that the operational model should be examined, with a view to streamlining operations and improving efficiency.
- 5.2 During the summer of 2013, the legal firm Trowers and Hamlins were requested to give advice on the legal implications of two distinct operational models:
- (i) a separate legal entity operational model, whereby "MKIP" would be set up as a separate company (of which there are many possible variations), with all three authorities owning an equal share in that company; or
  - (ii) a single host operational model, whereby one authority would take sole responsibility for employing all MKIP staff. The services would be delivered operationally by that authority, with the other two authorities "buying back" those services through inter-authority agreements.
- 5.3 The report identified several legal issues that would need to be addressed in each model, and identified broader governance issues that would need to be addressed regardless of what model was chosen in the future.
- 5.4 Following on from the Trowers and Hamlins report, a consultancy firm Mazars LLP was engaged during the autumn of 2013 to assess the business case for each of the two models of operation. The report highlighted a number of governance issues and areas where agreement between the three authorities would need to be reached before a model could be chosen, and concluded that further financial detail was required before a realistic assessment of the business cases could be made.
- 5.5 The Trowers and Hamlins report, and the Mazars LLP report, formed the basis of a report from the MKIP Programme Manager to the MKIP Management Board meeting in December 2013. The report highlighted that, whilst there were no clear advantages that would differentiate between the two models, setting up a separate legal entity would require significant further investment, which was not considered practical at the time. The report recommended that, bearing in mind the governance issues that needed to be resolved regardless of which model was chosen, for the time-being an alternative model of operation should be explored. This model would retain the existing arrangements, but enhance it as far as practicable. Consequently the governance arrangements of the partnership are not currently being examined.

### **Mid Kent Services Director Trial (MKSD)**

- 5.6 At their meeting on 5 March 2013, the MKIP Management Board approved to trial a 'single lead provider director' model of operation, which would seek to

put in place a director to line manage a range of current and future Mid Kent services, act as a single point of contact for shared service issues, and be accountable for provision to ensure they meet the objectives and levels of service individually agreed at each authority. At the end of March Paul Taylor, Director of Change and Communities at Tunbridge Wells Borough Council, was appointed into the position on a secondment basis. Paul will also be responsible for developing a vision, culture and sense of identity for Mid Kent Services, and for proposing ideas for future efficiencies or trading of services. A diagram to demonstrate how and where lines of responsibility and relationships work in the trial model is available at appendix A. This is not intended to demonstrate every relationship that will be required in the new structure, and it is important to note that some Shared Service Managers will continue to have accountability to other managers (such as the Revenues and Benefits Shared Service Manager, who will continue to have a formal accountability to the S151 officers at each Council).

- 5.7 The trial will last for 12 months from April 2014 to March 2015, and at the end of this time, the period will be independently assessed to establish whether the objectives for the trial have been met. This assessment and recommendations for the next steps will be sent to the MKIP Management Board for consideration and approval.

### **Resolution of Practical Issues**

- 5.8 Alongside this trial, the MKIP Programme will assess and seek to resolve a number of practical issues that have arisen as a result of working in partnership. The issues are model-neutral, and would need to be resolved regardless of the operational model that is chosen to provide shared services, and need resolution because they limit the effectiveness of working in partnership.

### *Performance Monitoring Reporting*

- 5.9 Currently shared services report on performance objectives in a variety of different ways at each council. The information is reported at Shared Service Board level, at the Cabinet or relevant committee at each council, and at management team meetings within each authority, and the type of information reported varies from council to council. Whilst it is vital to retain local choice and need reflected in service level agreements and objectives for each shared service, it is recognised that there are many areas of performance that are common to all councils, and the level and detail of reporting will be similar.
- 5.10 Where possible, the MKIP programme will seek over the next year to align service objectives, and co-ordinate reporting of these objectives on a partnership-wide basis across the three authorities. The individual Cabinet or relevant committee meetings at each authority will set strategic direction through the normal policy and budget setting procedures; the MKSD and internal management teams will manage service delivery on a day-to-day

basis; they will be held to account quarterly via the Shared Service Boards; and the MKIP Management Board will have strategic oversight of the wider MKIP programme.

#### *Shared service plans, Collaboration Agreements and Service Level Agreements*

- 5.11 Alongside the work to strengthen the performance monitoring arrangements, the MKIP programme will seek to implement shared service plans, and to ensure that a Collaboration Agreement, and Service Level Agreements are put in place for each shared service by the end of the trial period. These documents will provide shared services with firm and clear expectations and requirements from each council, and act as a foundation for growth for each service, and will enable councils to monitor performance more effectively, and for Shared Service Managers (SSMs) to know exactly what is required of them
- 5.12 As part of the work to agree Collaboration Agreements for each service, related issues such as how current and future staff are employed (TUPE, secondment, etc.), pensions liability risks, how emergency planning is developed and delivered, and issues such as tax, insurance and capital receipts from the sale of assets relating to the reduced need for accommodation, will need to be risk assessed for each organisation, and a common approach agreed for each instance.

#### *Consolidating Shared Service Budgets*

- 5.13 Again, linked to the two issues above, it is recognised that SSMs will need control of budgets in order to achieve the performance and efficiencies expected of them. Budgets for shared services are currently held separately at each authority, and SSMs are required to use three, and sometimes four, different financial management systems, processes and procedures to enable them to manage their budgets. The differences in the processes are often minor, but can cause significant efficiency and duplication issues for SSMs. Where possible, resources from the three authorities will be pooled into one budget that the SSMs will have access to.

#### *Streamlining and simplifying decision-making processes*

- 5.14 When reporting on their service, SSMs are expected to use three different decision-making processes. Whilst decision-making at each council will naturally differ and reflect local choice, there are many minor differences that could be aligned across each council to make reporting and decision-making easier for SSMs. A single committee report template for Mid Kent services reporting, and shared submission requirements for agendas could be developed for instance, as all three councils already use the same software package to manage this.

- 5.15 Corporately, SSMS are expected to attend three, and sometimes four, sets of corporate management meetings, 1-2-1s, employee engagement events and mandatory training days. In many instances this leads to duplication and impacts on time management for SSMS and their staff. Where possible, these expectations and events will be streamlined to reduce duplication and inefficiency. If the same or similar mandatory training course is being held at all three councils, for instance, SSMS and their staff would be expected to only attend one of the three courses, and monitoring of attendance for this will be reported back to the other two councils for HR processes to be completed.

#### *Communications and Engagement Strategy*

- 5.16 It has been recognised that there has been some confusion regarding the direction of travel for MKIP and for Mid Kent Services, and that a greater and more co-ordinated level of communication and engagement amongst key-stakeholders is needed. A communications and engagement strategy will be created and implemented over the next few months, which will take into consideration the needs and requirements of council members for each council, senior level managers, the MKSD, SSMS, shared service staff, and staff within the wider organisations.

#### *Forward Plan*

- 5.16 The Programme will also develop a forward plan of prospective services that may be eligible for increased partnership work between the authorities. This will include the possibility of moving services currently shared in a two-way arrangement to a three-way arrangement, the scope of new services to be shared, and look at the possibilities for sharing with other partnerships outside of MKIP, or different ways of delivering services efficiently and effectively between the three authorities.
- 5.17 An indicative timetable of work completion is available at appendix B.

## **6 How can scrutiny help?**

- 6.1 The purpose of this report is to provide an overview of the modelling work that was undertaken over the last twelve months of the MKIP programme, and to highlight the work that will be needed going forwards into the next twelve months to ensure the partnership remains effective and fit for purpose.
- 6.2 Within the report two key work streams are explained, together with a description of the tasks that will be needed to complete this work, and Members are asked to consider these work streams, and in particular the elements for the second work stream, to decide what parts of the work they might like to engage with, and how this might be done, given that the work will need to be conducted on a partnership-wide scale.



**7 Alternative Action and why not Recommended**

- 7.1 The above work streams have been identified as key issues to resolve. Resolution will ensure that partnership work between Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council remains effective and continues to deliver high quality, efficient services that are able to innovate and adapt to a complex operational environment.
- 7.2 The programme could choose to remain static, but this would jeopardise the effectiveness of partnership work between the three councils, and leave the identified efficiency issues unaddressed.

**7 Impact on Corporate Objectives**

- 8.1 Working in partnership with other public service providers is one of the ways that Maidstone Borough Council has chosen to ensure its services are delivered efficiently, and with a strong focus on excellence.

**8 Other Implications**

1. Financial	X
2. Staffing	X
3. Legal	X
4. Equality Impact Needs Assessment	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	

- 9.1 The trial of the operational model will be met within existing resources and will have no cost impact on the three partnership authorities.
- 9.2 The Mid Kent Services Director will be an internal appointee from one of the three councils. As such line management and clienting arrangements will need to change during the trial period to accommodate this change in post. The proposals have been discussed with staff directly affected by the potential changes.

IS THIS A KEY DECISION REPORT?		THIS BOX MUST BE COMPLETED	
Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, this is a Key Decision because: .....			
.....			
Wards/Parishes affected: .....			
.....			

9.3 The Mid Kent Services Director will need financial and legal delegations jointly from all three councils if there are to operate effectively in a partnership setting. This will be initiated once the appointment is made and the host employer can be determined.

**10 Relevant Documents**

**10.1 Appendices**

Appendix A – Diagram of trial model.  
Appendix B – Indicative timetable of work completion.

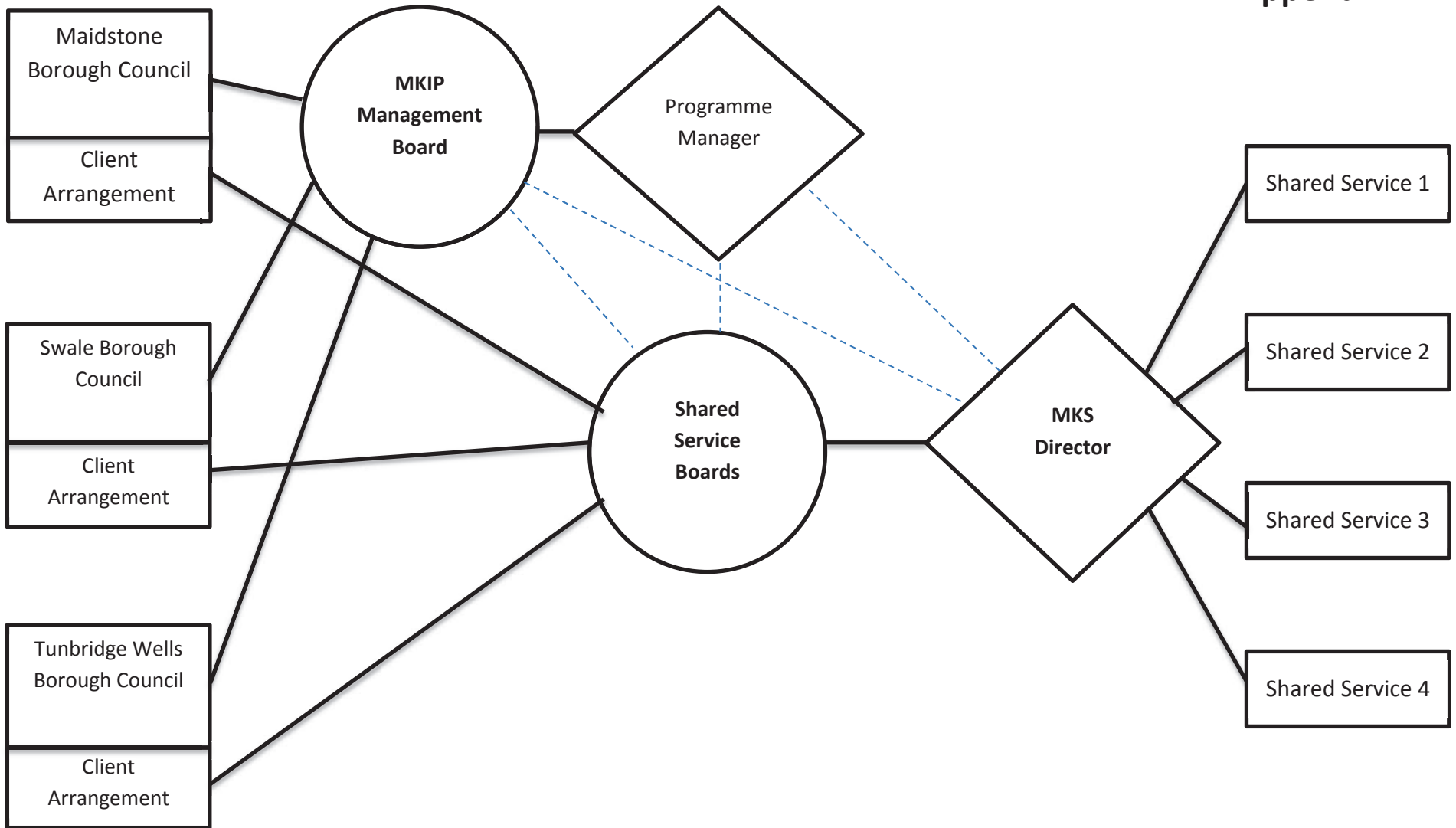
**10.2 Background Documents**

Draft Options Report for Mid Kent Improvement Partnership – Trowers and Hamlins LLP, June 2013

Limited Scope Report, Review of the Proposal Options Business Case for Shared Services for Mid Kent Improvement Partnership – Mazars LLP, November 2013

# Appendix A

10



— Line of responsibility  
- - - Line of sight/relationship

## Appendix B

### Indicative timetable for work completion

Action	Sub action(s)	Date
Decision on operational model pilot project	Take report to MKIP Management Board regarding the proposed model design for Single Lead Provider Director model.	<b>5 March 2014</b>
Recruit Single Lead Provider Director	Prepare Job Description/Person Spec and outcomes for pilot period. Design recruitment process. Set up interview panel, interview candidates and appoint successful candidate.	<b>By 31 March 2014</b>
Pilot Model Project Assessment	Set up project team. Identify and scope objectives, evidence needed, and outcomes for project team. Gather evidence to support business case. Write business case for adoption of proposed model. Submit business case to MKIP Management Board for decision.	<b>1 April 14 – 31 March 15</b>
Improve/reaffirm governance arrangements for Shared Service Boards	Develop timetabling for each board. Assess appropriateness of current Terms of Reference with Overview and Scrutiny, and develop any new terms for inclusion. Circulate Terms of Reference to SSBs and ensure they are being complied with through monitoring of agendas and workloads.	<b>March 14 – June 14</b>
Improve and co-ordinate performance monitoring and reporting requirements to MKIP Management Board	Develop a shared performance monitoring template. Align and share performance indicators where possible. Ensure performance is reported to the SSBs and then up to MKIP Board on a quarterly basis.	<b>March 14 – June 14</b>
Improve and co-ordinate service planning	Develop shared service plans for each service via the SSBs. Ensure plans are monitored via SSBs.	<b>June 14 – Sept 14</b>
Develop Collaboration Agreements and Service Level Agreements for each service	Develop a Collaboration Agreement for each service based on the ICT Collaboration Agreement. Develop a Service Level Agreement for each service to be agreed through the SSBs.	<b>By 31 March 15 for historic services Ongoing for new services.</b>

**Appendix B**

<p>Design and co-ordinate a single approach to corporate letter style, committee reports and decision making approach to MKIP services.</p>	<p>Design a single template corporate letter for use by all Mid Kent Services.                  Design and co-ordinate approach to committee report styles across Mid Kent Services.                  Co-ordinate and align decision making procedures across Mid Kent authorities.</p>	<p><b>March 14 – Sept 14</b></p>
<p>Consolidate budgets</p>	<p>Define consolidated budget requirements for each service.                  Work with finance departments to implement requirements on a service-by-service basis.                  Ensure budgets are consolidated where necessary by end of the financial year 14/15.</p>	<p><b>By December 2015</b></p>
<p>Develop and implement a Communication and Engagement Strategy</p>	<p>Create vision statement and refresh MKIP objectives                  Agree communication themes and messages from vision                  Identify stakeholders and channels of communication.                  Co-ordinate communications from and to each authority based on vision and aims/objectives.                  Monitor attitudes towards MKIP through staff surveys and work towards embedding partnership working across the organisations.</p>	<p><b>April 14 – Sept 14</b></p>
<p>Forward Plan of Work</p>	<p>Liaise with MKIP Chief Executives to develop a forward plan of services to be subject to MKIP review/business case preparation. (This will include services that are shared between two authorities to be expanded to three. It will also include some new shared service opportunities).                  Work with the MKIP Board, Chief Executives, the Shared Services Director, and others as appropriate, to identify new partners for existing shared services.                  Work with the MKIP Board, Chief Executives, the Shared Services Director, and others as appropriate, to identify any trading opportunities for the existing shared services.</p>	<p><b>April 14 – March 15</b></p>