**IN-DEPTH SCRUTINY REVIEW**

**Elevate East London joint venture**

**Public Account and Audit Select Committee – 26 June 2013**

1. **INTRODUCTION**

In the summer and autumn of 2012, several Members representing several wards were contacted by constituents who gave them anecdotal evidence of long waiting times in the Council’s two One Stop Shops (OSSs).

Constituents had separately reported that they had waited for sometimes several hours to have, often simple, enquiries dealt with. The renewal of parking permits was a recurring theme. The experiences were reported to Cabinet informally in October 2012, following the involvement of the local MP’s office, and a number of articles in the local newspapers.

Cabinet Members, meanwhile, had received several complaints from their own constituents, which, combined with reports from their colleagues, prompted them to action.

In October 2012 Cabinet decided that an in-depth scrutiny review of the Elevate Joint Venture was the best way to explore the issues, and made a request to the Public Accounts and Audit Select Committee (PAASC) for assistance. PAASC accepted the Cabinet recommendation on 7 November 2012 and commissioned an in-depth scrutiny review.

* 1. **Background**

In 2010, and following several months of planning and negotiation, the Council entered into a joint venture with Agilisys. The aim was to deliver IT, back office processing and customer-facing services on behalf of the authority. The mission was to deliver those services more efficiently and cheaply than the Council – but also, importantly, in a way that improved residents’ experiences.

The Council and Agilisys created a joint venture (JV), called Elevate East London (Elevate), which came into existence on 10 December 2010. The JV is owned jointly by the two parent organisations, with the Council paying the JV an agreed sum each year to deliver an agreed set of services, known as the target operating cost.

* 1. **Service transfer**

Five services were initially transferred into the JV in phase one, with further services reserved in the scope of the contract for a potential phased transfer in the future.

The contract also allowed for further business opportunities to be explored and developed using Elevate as a delivery vehicle, particularly: (i) the potential to sell Elevate services to other organisations (with a focus on other London local authorities); (ii) the possibility of making significant savings on other Council contracts through the use of advanced procurement techniques; and (iii) the possibility of increasing income by improving collection rates in areas such as council tax and general Council income. The profit from all subsequent business activities would be shared at varying rates between Elevate and the Council.

Since then, the changed economic climate has made it hard to realise opportunities (i) and (ii) above, and both Elevate and the Council have had to revise down their expectations of making significant gains in these areas. However, performance in the third area (iii, above) has been strong, with the first annual report showing that an additional £2m of income had been collected compared to the previous year.

* 1. **Staff transfer**

To deliver the services, many Council staff transferred to Elevate under Transfer of Undertakings (Protection of Employment) Regulations (TUPE), including Sue Lees, the Council’s Divisional Director of Assets and Commercial Services, who became the JV’s chief executive.

* 1. **Governance**

The Council operates its side of the JV through a Client Unit, which oversees performance and contract management. The unit is based in the Finance and Resources Division, under the management of Jonathan Bunt, the service director.

Furthermore, the JV is given strategic direction by the Elevate Board, on which the Council has officer and Member representation (including a Cabinet Member with designated portfolio responsibility for Elevate). A governance structure chart for Elevate can be found at Appendix 2.

* 1. **Issues**

Naturally, Members’ main interest in the JV is how it delivers services to their residents, and they want to assure themselves that they continue to have an element of control, even though their services are being delivered by a third party.

As with any service, Members’ are sensitive to its performance and its perception among their constituents. Service failings lead to reputational damage, and often to complaints from residents directly to Members. Those sensitivities are perhaps heightened in this situation because the services are delivered by a third party and Members sense of direct control is reduced. It is also worth noting that most of the front-line activities delivered by the JV continue to be branded as Council services.

It is understandable, then, when Members receive complaints from customers that they are frustrated, not only by the complaints themselves, but also by the perceived loss of empowerment to directly tackle the issues. This is the context in which Members wish to scrutinise the JV formally, to ensure that it continues to deliver good services to the people of the borough.

1. **THE REVIEW**

Once the committee had accepted the Cabinet request to carry out an in-depth review, discussions between Members and officers identified two main questions:

* Whether the Council has chosen to vary the JV in a planned and strategic way, and in a manner that allows it to better deliver its priorities? **(A)**
* Whether the customer facing elements of the JV are performing in a way that meets the needs of the Council and its customers?

These two issues were formally adopted by the committee when they commissioned the review on 7 November 2012, and refined when they adopted the formal Terms of Reference on 13 March 2013:

1. To review and comment on any variations made to the agreement since its signing.
2. To pay particular attention to the Customer Services elements of performance, specifically the One Stop Shops in Barking and Dagenham.
3. To review and comment on whether the performance reports provided by Elevate to this Council reflect the performance that we want to measure and whether the reporting method accords with the reporting requirements of the appropriate measures for our services.
4. To review and comment on this Council’s contract monitoring capabilities in relation to the agreement and make recommendations as to where improvements can be made.
5. To produce a final report that:
	* Sets out the committee’s findings
	* Makes suggestions of any new ideas and ways of working that the Council may not have considered before
	* Makes such recommendations as the committee sees fits and necessary for adoption by the parties to the agreement

Members went on to meet at an informal summit (26 March 2013) to discuss the issues with the relevant parties. Following that meeting, the committee further refined its questions to cover four issues in three areas:

* Do Members believe that the changes to the contract post 2010 were reflective of the changed economic climate? *(contract)* **(B)**
* Do Members accept that customer services operate on a price/performance scale, and do they believe that the Council has the balance right between cost and service? *(customer services)* **(C)**
* Are Members satisfied that the figures put forward by Elevate are an accurate and up to date reflection of customer services on the ground? *(customer services)* **(D)**
* Do Members believe that the Council’s client management functions are adequately resourced to properly supervise the Council’s contract? (*client management*) **(E)**

These draft questions were formally reported back to the committee on 1 May 2013, at which point they approved the shift in emphasis of the review. This report examines all five questions (dropping the second initial question as it was superseded into subsequent questions), and has labelled them A-E. Those references correlate with the labelling in the findings section below.

Links to the formal PAASC reports detailing each stage of the review can be found at Appendix 3.

* 1. **Methodology**

For the purposes of the review, the JV operates a detailed performance monitoring and reporting regime. That means that a large amount of performance data has been immediately available to the Council and the committee – data that has been used throughout the review.

But as part of the review is about customer experience, it was important for Members to see for themselves how the front line services were performing. As a result, they undertook a formal site visit to the Barking One Stop Shop. The Lead Member of the committee also undertook a separate, informal, site visit to Dagenham One Stop Shop. Individual Members also reported that they too had visited the OSSs at separate times over the last few months to inform their understanding of the issues.

The final element of the review was to gather the experience and testimony of the key personnel involved. Vital to the review were in-depth discussions with the Council (particularly the Client Unit, the service director and Members), as well as senior managers from Elevate and Agilisys.

Bringing each of these elements together was an informal summit, where all interested parties could have a free and frank discussion about the issues in hand. The aim was to answer as many tangential questions as possible, and for all parties to reach a greater mutual understanding.

Each review activity was organised and (with the exception of Cllr Jamu’s independent site visit) supported and recorded by the scrutiny team. Those records are submitted to the committee as part of the evidence pack, and Members have had reference to them throughout their considerations. A list of review activities undertaking as part of the review can be found at Appendix 4.

* 1. **Evidence**

A significant weight of evidence has been used to support this review, and examined by the committee in drafting its recommendations. The evidence can be examined in full in the appendices, and comprises:

* Appendix 2 – Joint venture governance chart
* Appendix 3 – Elevate scrutiny review reports flowchart
* Appendix 4 – Timetable of scrutiny review activities
* Appendix 5 – Barking One Stop Shop site visit notes
* Appendix 6 – Elevate summit notes (public)
* Appendix 7 – Elevate One Stop Shop pressures report
* Appendix 8 – Elevate monthly operational report (private)
* Appendix 9 – Elevate summit notes (private)

It should be noted that some of the evidence presented to the committee is of a private and confidential nature for reasons of commercial sensitivity. Where that is the case, only the minimum amount of information has been redacted from the public evidence pack. Only PAASC Members and Council officers have access to those private and confidential appendices.

* 1. **Timetable and next steps**

The scale and scope of the review demanded a generous timetable. From the initial request in October, the committee has spent nine months (see Appendix 4 for a detailed timetable) gathering evidence and testimony, drafting its findings, and drawing up its recommendations.

Where, however, the review uncovered issues that the Council could address immediately, it should be noted that Council officers were keen to implement the findings straight away. The committee commends officers for their willingness to act quickly on findings to improve its processes and deliver better services to residents.

Where is makes other recommendations, the committee expects similar promptness. Specifically, the committee expects the Council to have decided whether or not to implement its recommendations within three months of this report. It further expects that officers will report back within six months to account for implementation progress against each of its recommendations.

1. **Findings**
	1. **Summary**

Generally, the committee finds that the JV delivers – for the most part – efficient and good quality services to the people of the borough. The committee believes that these services are better and cheaper than when they were run by the Council, and that the JV is well placed to deliver and improve these services in the future.

The committee also finds that staff in the Council, Elevate and Agilisys are committed to delivering a good customer experience, committed to working to improve services for residents, and committed to learning lessons from this review.

However, the committee finds areas for improvement both in the way the Council transferred services into the joint venture and in the way customer service performance is monitored and reported. The committee makes nine recommendations for improvements in these areas.

Finally, the committee finds weaknesses in the way the Council resources its Client Unit, and believes that the authority should ask whether further investment would pay for itself in terms of better contract management. The committee makes two recommendations in this area.

* 1. **Engagement and transparency**

The committee finds that all parties involved have been willing to support the review, attend meetings and freely share information. The committee thanks staff from the Client Unit, Elevate and Agilisys for their support, and commends officers’ willingness to engage in and learn from this process. There are no recommendations for improvement in this area.

* 1. **Transfer of services to the joint venture (A)**

Although initially a key element of the review, the committee has found it extremely difficult to penetrate the issues relating to the transfer of services. The committee believes that two obstacles have prevented it from properly scrutinising this area:

* All the senior staff involved in negotiating the joint venture contract and its subsequent variations have now left the authority, making it impossible to question them about the background to their actions.
* Except for the contract itself and the relevant Cabinet reports, there is very little paperwork supporting the Council’s decision to enter into a joint venture or transfer further services to it.

Instead, the committee has pieced together its findings based on the information available, which fall into three categories.

* + 1. *Decision making*

To scrutinise the decision making process, the committee has consulted Legal Services. They have advised Members that all the decisions to enter into the joint venture were taken in line with statutory guidance and the Council’s own procedures. They also advised that Cabinet was provided with sufficient information in autumn 2010 to reach an informed decision about the JV. The committee accepts their advice, and confirms it is satisfied that all decisions relating to the JV were taken correctly.

However, the committee remains concerned that there are no extant copies of *supporting* paperwork around the decisions, such as emails between the key parties, notes of important meetings, and presentations given to Members.

The committee is further concerned that, of the five Cabinet reports used to setup the JV, transfer initial and further services, and determine its governance arrangements, four were submitted under the provisions of urgency. They were:

* 8 June 2010 – Strategic partner programme **(urgent item)**
* 28 September 2010 – Appointment of preferred bidder **(urgent item)**
* 23 November 2010 – Governance arrangements **(urgent item)**
* 22 November 2011 – Negotiations to transfer further services
* 17 January 2012 – Transfer of further services **(urgent item)**

Although the committee accepts the urgency provisions were used legally, and that all proper processes were followed, it believes that the repeated use of urgent items to take such important decisions implies an apparent lack of planning, and raises the potential that Members were put under pressure to reach decisions quickly.

The committee also notes that, of the same five reports, only four were ever added to the Statutory Forward Plan (SFP). Of those four, only one was added within an acceptable timeframe, with the rest being published to the SFP only a few weeks before the relevant Cabinet meeting. The table below summarises the situation:

|  |  |
| --- | --- |
| **Cabinet date** | **Forward plan publication date** |
| 8 June 2010 | 5 May 2010 |
| 28 September 2010 | 2 August 2010 |
| 23 November 2010 | Not added |
| 22 November 2011 | 2 May 2011 |
| 17 January 2012 | 1 December 2011 |

The committee finds it surprising that decisions of such strategic importance had not been properly scheduled into the SFP, and is concerned that it further suggests a lack of strategic planning around decision making. The committee is also concerned that officers’ failure to publish the reports to the SFP made it difficult for Members (particularly Cabinet and Scrutiny Members) to get a sense of what decisions were coming and when, or give them sufficient opportunity to engage in pre-decision scrutiny.

* + 1. *Further transfers*

The committee has examined the business case and Cabinet reports that were used to transfer the second phase of services into the JV.

Although it notes that the business cases for the further transfers were very detailed and thorough, the committee is concerned that Cabinet was given no formal opportunity to examine the performance of the original services before agreeing to a further transfer.

The committee does accept that the Elevate Board (with Cabinet Member representation) and had received performance data from phase one services, and that some elements of Elevate performance (council tax collection and complaints, for example) had been reported separately to Cabinet in other reports. However, it is nevertheless concerned that Cabinet as a whole was not presented with a formal performance report until 13 November 2012 – some 11 months after it had approved the transfer of three further services.

Again, the committee accepts that there is nothing procedurally wrong with this process, and acknowledges that performance data had seeped through to Cabinet in other forms. Even so, the committee believes that it would have been preferable in these circumstances to formally and comprehensively reflect on phase one service performance before proceeding to phase two.

* + 1. *Strategy*

Finally, the committee is concerned about the apparent lack of strategy in the attempted transfer of Assets and Commercial Services to the JV.

It is apparent from the discussions leading up to the eventual transfer in January 2012 that it was the ambition of officers to shift the department largely intact, and that discussions along those lines were at an advanced stage leading up to the 22 November 2011 Cabinet meeting. Yet by the time of that meeting, the plans had been severely curtailed, with Members asked to approve the transfer negotiations for only a few of the department’s services – a “pick and mix” approach.

The committee understands that the push to transfer services was led by the need to make savings from the Council budget in the coming financial year. It accepts that this could have been a legitimate reason to continue with the transfer, even if Members had rejected the initial plan.

Nevertheless, the committee believes that the revised approach had not been sufficiently though out, and left anomalies across the department, splitting management reporting lines and blurring service responsibilities. For example, Council reception staff were transferred to Elevate, while facilities officers (with whom they had worked hand-in-hand) were retained by the Council. The committee understands that dividing common responsibilities has created confusion on the ground.

If officers had sought a steer from Members at an earlier stage, the committee believes that they would have discovered little appetite for a wholesale departmental transfer, and found that the plans instead needed a fundamental overhaul. The committee also believes that officers should not have put forward a “pick and mix” approach as it most likely undermined the original business thinking and certainly went against the principles of strategic planning. The committee also finds that the decision to transfer some services while retaining others had not been properly thought out.

The committee believes that these problems were most likely caused by the lack of strategic transfer plan that had the buy-in of Members at an early stage. Certainly, no such plan currently exists, and it has not been possible for Members to establish if one ever did. Members are concerned by this outcome, and believes that it adds further weight to its initial finding that supporting paperwork had not been properly kept.

In light of its findings, the committee makes five recommendations in this area:

A1. Where the Council takes future decisions of such significance, scale and impact, that all relevant paperwork and correspondence is properly audited and archived. This will allow decisions to be scrutinised at any point in the future, without relying on staff still working for the authority.

A2. That provisions of urgency are used sparingly, and, when taking decisions of such significance, ideally not at all. This will ensure that the decision making process is properly planned out, and Members will not be asked to consider either urgent items or last-minute reports.

A3. That significant decisions such as these are properly scheduled into the Council’s Statutory Forward Plan. This will ensure that Members have the opportunity to influence and plan for upcoming decisions, and that there is transparency about what decisions the Council intends to take and when.

A4. That where officers present a case to transfer further services into this JV or any similar such contract in future, that Cabinet is given a formal opportunity to reflect on the performance of the services already transferred before reaching a decision.

A5. That the Council develops a strategic plan for the transfer of future services, and gets Members’ sign-up in advance. This will ensure that any future transfers can be properly planned, and that services will not be transferred piecemeal.

* 1. **Changes to the contract post-2010 (B)**

It became apparent at the summit that there was a discrepancy between Members’ expectations of the joint venture in 2010 and the resulting partnership – which inevitably had to be revised in light of the Comprehensive Spending Review (CSR) of that year. Although this is outside the scope of the review, the committee wishes to briefly address the issue.

Members heard from the chief financial officers from both organisations – Agilisys’s Ron Reynolds and the Council’s Jonathan Bunt – about how the economic downturn has meant an inevitable reduction in the value of savings that the two organisations could deliver. Both revealed that large anticipated savings (in procurement particularly) were unlikely to be realised because the Council had significantly reduced its overall budget – and therefore the number and value of contracts it procures. The Council had also decided to bring its housing repairs and maintenance contract back in house, reducing further the value of contracts available to the procurement process.

The two officers further accounted for lowered job creation targets for Elevate, and the fact that Elevate has had to reduce the number of people it employs (sometimes through compulsory redundancy), attributing both to the outcome of the Government’s CSR.

However, the committee finds that the Council may have been able to foresee this outcome, given the economic climate, and the timescales involved. It considers that, by entering into an agreement with target operating cost that would reduce over the first five years, it was putting the partner in a situation where it had to make efficiencies and reduce its costs – which, as the Council itself has found, were always going to be found most readily through reducing the number of staff used to deliver the service. The committee does find that Elevate could have made these efficiencies in other ways – such as winning new business from outside the Council – but suggests that the timescales set by the Council (seeking rapid savings) made this unlikely.

Overall, the committee is naturally disappointed. Members had long-held ambitions for Elevate to make a major positive contribution to the local jobs market. Members also felt protective towards the Council’s own staff that had transferred to Elevate and were subsequently made redundant. The news that it will be difficult to realise large procurement savings also means that savings will have to be found in future years from other Council budgets.

Nevertheless, the committee accepts the explanations given for the reduced expectations, and believes that they were inevitable in the circumstances, particularly when the Council was so focussed on Elevate delivering services at an increasingly lower cost. The committee also notes that Elevate does not differ from the Council when it comes to making redundancies and reducing costs: both organisations have been forced to make rapid decisions of this kind by the CSR and the economic climate.

The only suggestion the committee makes is that Members could have been better informed about the post-2010 changes to the contract. The committee feels that only now are Members being provided with a thorough explanation of why expectations have been revised down.

The committee advises officers to learn from this experience and keep Members more informed in future, but it does not believe it sufficient an issue to make any recommendations.

* 1. **Customer service performance (C)**

Naturally, the committee has focussed on the performance of customer services, particularly in the One Stop Shops. Indeed, it was concerns about performance there that prompted this review.

During the review, Members have raised a number of specific issues, particularly during the site visit and the summit. Those individual points are answered in the notes of those meetings in appendices 5 and 6.

However, one issue is common to the issue Members have raised: that queues at the OSSs reached an unacceptable length. Indeed, several residents complained to Members that average waiting times were high; that the maximum waiting times were unacceptable; and that queues were closed, often well before the end of the day. It is worth noting that Members did not receive complaints about the quality of the service received or the ability of the OSSs to help residents once they were seen. Speed of service, rather than quality appears to have been the issue, with the peak of the problems appearing to be around late summer 2012, especially September.

Elevate has since carried out an investigation into the spike in waiting times, and the report of that investigation can be found at Appendix 7. Elevate’s standard monthly operational report for the same period can be found at Appendix 8.

Having reviewed these reports, the committee accepts Elevate’s assertion that a combination of circumstances contributed to a significant increase in waiting times, including:

* a surge in residents renewing parking permits (500 more visits in July 2012 than March 2012)
* a lack of training for OSS staff in new ways of processing parking permits
* a lack of awareness among residents about alternative ways to renew and pay for their permits
* increased demand for housing benefit (a 14% increase in new claims and a17% increase in claim change processing)
* increased general footfall in the OSS (up 20% in July 2012 compared to the same month in 2011)
* technical issues leading to printing downtime, on one occasion a delay of several days
* changes to the waiting time KPIs negotiated by the Council in return for a reduction in the operating cost

The committee notes that some of the increased demand is due to external pressures beyond the control of either the Council or Elevate, particularly in housing benefit processing. It also accepts that Elevate has operated within the stipulation of its contract and met most of its KPIs throughout this period. The committee finally accepts that customer services are operated on a price-performance dichotomy and there will always be a trade off between the amount of money the Council is willing to invest and the service that it receives.

However, the committee believes that there were nevertheless specific failings around how Elevate and the Council planned to process CPZ parking permits, which resulted in long queues and extended waiting times.

The committee notes, for example, that there was a serious discrepancy between the forecast demand figures supplied by Parking Services (624 parking permit visits *forecast* in July 2012) and the reality experienced in the OSSs (1482 *actual* visits), making it hard for the OSS to properly prepare for the surge. The committee questions whether Parking Services had given the potential surge sufficient consideration and whether it had properly planned and discussed its proposed service changes with Elevate.

For Elevate’s part, the committee similarly questions how prepared the OSSs were to handle a surge in parking permit demand. The committee notes, for example, that the OSSs continued to rely heavily on the cash payment machines (Scancoin), to the exclusion of other payment methods – particularly card payments, which were not offered until sometime after the peak in demand. The committee suspects that this oversight in Elevate’s service planning exacerbated the situation in summer 2012, and caused unnecessary additional inconvenience to residents. The committee believes that this weakness should have been identified and rectified early in Elevate’s operation of the OSSs, and not allowed to negatively affect the services on the front line.

Overall, the committee believes that, had the two parties held more detailed discussions at an earlier stage of the project, all of these issues would most likely have been ironed out without causing significant inconvenience to residents. The committee therefore attributes the problem to a breakdown in communication between Parking Services and Elevate, leading to a misunderstanding about demand and service expectations on both sides – misunderstandings that could potentially have been resolved had the two parties worked more closely together at the planning stage.

However, the committee does not believe that it has seen sufficient evidence on this important issue to reach a firm conclusion, and that there are still detailed service planning lessons to be learned from this situation. It therefore proposes that a further brief review is undertaken by a Select Committee, and that Elevate and Parking Services are given an opportunity to gather and present relevant evidence.

The committee therefore makes one recommendations in this area:

C1. That a further review into the surge in parking permit demand at the OSSs is undertaken by a Select Committee. This will ensure that lessons can be fully learned from the experience, and that the response to future surges in demand at the OSSs can be better planned and resourced.

* 1. **Performance reporting (D)**

The committee has heard that the JV contract specifies an extensive regime of performance gathering, measuring and reporting. The committee welcomes this, and notes with satisfaction that the first annual report of the JV is, for the most part, very positive.

Members can only reiterate the importance of receiving accurate and detailed performance data – particularly when the services are delivered by a third party. Without access to senior operational staff at Elevate, and only an indirect route to influence service delivery, Members rely on good performance data to keep track of these important services.

In that context, it was likely that any shortcomings in the reporting regime would be felt most strongly by Members who had no other formal way of tracking performance. This would be particularly problematic if there was a discrepancy between the data and Members’ own (albeit anecdotal) evidence.

The potential for problems was made worse because reports circulated by the Client Team into OSS performance carried a delay of some eight weeks, making them significantly out of date by the time they were considered.

So when Members began to hear complaints, the two-month old performance data showed no sign of problems. It meant that there was a discrepancy between what Members were hearing from residents on the ground and what they were reading about in performance reports. Indeed, Members found it frustrating that their concerns were not necessarily being addressed promptly because the “latest” performance data did not support their assertions.

Yet even when Members examined the data for the correct period, they noted that the figures were not as negative as residents reports would suggest. This is because the KPIs did not present a complete picture of the service each resident received.

The situation created mistrust between Members and Elevate because they no longer believed the data with which they were presented, and exacerbated Members’ pre-existing feelings of disconnection from the service.

The committee finds that these problems could have been avoided by providing Members will more up to date information, which better reflected the situation on the ground. Although the committee accepts that residents would still have complained, it believes that more timely data would have allowed Members to find out what was happening and respond more completely to their constituents.

The committee also finds that, had Members been able to access timely information, they would have been able to bring pressure to bear on the service more quickly and sooner seek a resolution to the issues on the ground.

In light of its findings, the committee makes four recommendations in this area:

D1. That customer services performance reporting is made more timely, ideally with Members able to receive a short performance summary report at the end of each week. This will ensure that Members are provided with timely information, enabling them to respond more quickly to issues.

D2. That officers report back with proposals to change customer services performance indicators to make them more relevant to residents’ experiences on the ground. This will ensure that Members can be provided with “real life” measures of front line services, and use them to accurately defend or critique the provider.

D3. That the Client Unit randomly interrogates on a regular basis the data supplied by Elevate. This will ensure that the Client Unit (and therefore Members) can be confident in the accuracy of performance information supplied by Elevate.

D4. That Members and staff from all three organisations hold an informal summit at least once per year, to ensure that misunderstandings and misconceptions can be tackled. This will ensure that each party can learn from the other and use that experience to improve services to residents.

* 1. **Client management (E)**

The committee has nothing but praise for the skill, hard work and commitment of the Council’s current Client Unit, and believes that they are doing the best they can in the circumstances they find themselves.

However, the committee has seen questions raised about the capacity and knowledge base of the unit, and therefore its ability to best represent the interests of the Council in managing this major contract.

The committee finds that many staff with the necessary expertise to client-manage the JV were transferred to Elevate at the same time as the services. The committee believes that this left the Council with a “brain drain”, which the Council did not do enough to address.

The resulting unit, where staff carry out client management tasks alongside their other duties, is, the committee finds, insufficiently resourced to thoroughly the manage the contract. The committee also finds that key skills lost during the “brain drain” (especially revenues and benefits expertise) were not replaced.

However, the committee does not necessarily insist that all client management expertise is concentrated in one central unit, as it believes that this could lead to an unnecessary duplication of skills and knowledge. So although the committee undoubtedly believes that a strengthened central Client Unit would bring benefits to the authority, it suggests instead that the Council assesses its client capacity as a whole before deciding how to proceed.

In light of its findings, the committee makes two recommendations in this area:

E1. That the Council carries out a Council-wide audit of the specialist skills needed to manage the JV and either brings in external expertise, or trains existing staff to the required level.

E2. That the Council restructures the Client Unit to give staff dedicated client management duties. This will ensure that these hard-working staff are given the capacity they need to focus on managing the contract.

**Summary of recommendations**

**Transfer of services to the joint venture (A)**

A1. Where the Council takes future decisions of such significance, scale and impact, that all relevant paperwork and correspondence is properly audited and archived. This will allow decisions to be scrutinised at any point in the future, without relying on staff still working for the authority.

A2. That provisions of urgency are used sparingly, and, when taking decisions of such significance, ideally not at all. This will ensure that the decision making process is properly planned out, and Members will not be asked to consider either urgent items or last-minute reports.

A3. That significant decisions such as these are properly scheduled into the Council’s Statutory Forward Plan. This will ensure that Members have the opportunity to influence and plan for upcoming decisions, and that there is transparency about what decisions the Council intends to take and when.

A4. That where officers present a case to transfer further services into this JV or any similar such contract in future, that Cabinet is given a formal opportunity to reflect on the performance of the services already transferred before reaching a decision.

A5. That the Council develops a strategic plan for the transfer of future services, and gets Members’ sign-up in advance. This will ensure that any future transfers can be properly planned, and that services will not be transferred piecemeal.

**Customer service reporting (C)**

C1. That a further review into the surge in parking permit demand at the OSSs is undertaken by a Select Committee. This will ensure that lessons can be fully learned from the experience, and that the response to future surges in demand at the OSSs can be better planned and resourced.

**Performance reporting (D)**

D1. That customer services performance reporting is made more timely, ideally with Members able to receive a short performance summary report at the end of each week. This will ensure that Members are provided with timely information, enabling them to respond more quickly to issues.

D2. That officers report back with proposals to change customer services performance indicators to make them more relevant to residents’ experiences on the ground. This will ensure that Members can be provided with “real life” measures of front line services, and use them to accurately defend or critique the provider.

D3. That the Client Unit randomly interrogates on a regular basis the data supplied by Elevate. This will ensure that the Client Unit (and therefore Members) can be confident in the accuracy of performance information supplied by Elevate.

D4. That Members and staff from all three organisations hold an informal summit at least once per year, to ensure that misunderstandings and misconceptions can be tackled. This will ensure that each party can learn from the other and use that experience to improve services to residents.

**Client management (E)**

E1. That the Council carries out a Council-wide audit of the specialist skills needed to manage the JV and either brings in external expertise, or trains existing staff to the required level.

E2. That the Council restructures the Client Unit to give staff dedicated client management duties. This will ensure that these hard-working staff are given the capacity they need to focus on managing the contract.