

POLICY REVIEW – MARKETING STRATEGY

Report by the Marketing and Development Panel:

Councillor J Smith (Scrutiny Lead)

Councillors V Pierce Jones, R Galloway, F Ponsonby, G Smith, T Hart

Marketing and Development Portfolio: Councillor M Cheshire

Key Decision: Not Applicable

1.0 Purpose of Report

1.1 The purpose of this report is to present the findings, conclusions and recommendations of the Marketing and Development Panel following its Marketing Strategy policy review.

2.0 Recommendation

RECOMMENDED to the Cabinet that:

- 2.1** The Council adopts the process of Commissioning as set out in paragraph 3.10 of this report;
- 2.2** all potentially appropriate service delivery models be considered, not limited to those referred to in this report, in taking forward future customer-focused service delivery, in line with the mixed economy approach set out in the Council's Marketing Strategy; and
- 2.3** any proposals for the implementation of alternative service delivery models, in relation to any particular service, be in line with the Council's Corporate Strategy priorities and supported by a sound business case.

3.0 Introduction

- 3.1** As set out in the Panel's Interim report to the Scrutiny Board on 26 February 2013, there is an urgency for a change in the way we deliver our services, as a result of central Government policy of giving Councils less and less grant.
- 3.2** This Council does not want to reach the stage of being on a fiscal cliff, where desperate action is needed. The Council must avoid this at all costs and plan ahead, we can do this by understanding the financial reality of the situation.

- 3.3 The Panel believes that this Council has the will and the talent to come out at the end of the financial tunnel solvent. This is going to be a hard road, but our residents, who rely upon us to support and look after them, will expect us to rise to the challenge and the Panel believes they will support us.
- 3.4 As a Council, we must also support our officers and staff to develop innovative ideas for future service delivery, we understand how important it is to take action now and build on the good work we have started in working with other Councils, sharing services with them; we are doing well but we cannot rest on our laurels now.
- 3.5 By 2015/16 we may not be receiving any Government grant at all, so we must aim to be self supporting by then. We may have to reduce or terminate certain non-statutory services, so it is vital we have an action plan in place. At some point in the future we may have to increase the Council Tax, but in doing so, we must be honest with our residents as to the reasons for this.
- 3.6 These are indeed challenging times. This Council must not have a rearview mirror approach; there is not an option to do nothing, or rely on past methodology, because we will be left behind and founder. We must continue to work with our partners and even strive to find new ones, perhaps even in different counties; maybe another Council can perform a service for us and there may be opportunities for us to generate income by providing certain services to other Councils. This must be a continual process.
- 3.7 In undertaking this review, the Panel sought to contribute to the implementation of the Council's Marketing Strategy by examining alternative service delivery models and assessing their suitability for Havant in the context of providing cost-effective, high quality services for our customers. The Panel looked at examples of best practice with regard to alternative service delivery models adopted by other local authorities, in particular:
- **Public Service Mutuals** - organisations that are owned by, and run for the benefit of, their current and future members
 - **Social Enterprise** - businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners
 - **Outsourcing** - the contracting out of a business process, which an organisation may have previously performed internally or has a new need for, to an independent organization from which the process is purchased back as a service
 - **Insourcing** – selling our services to others, residents packs, income generation
 - **Decommissioning** - the process of planning and managing a reduction in service activity or terminating it
 - **Local Authority Trading Company** – wholly Council-owned private companies operating as commercial enterprises to deliver services

- 3.8 At the outset of the review, the Panel agreed that no additional research be done by the Panel with regard to Outsourcing, as the Council has already successfully outsourced its Revenues and Benefits service to CAPITA. The Panel also accepted that the above list of service delivery models was unlikely to be exclusive and the outcome of additional research, conducted during the course of this review into Shared Services and the Community Right to Challenge, is set out in section 5.0 below.

Commissioning

- 3.9 The Marketing Strategy approved by Cabinet in March is the blueprint for the way the Council intends Meeting Local Needs and Delivering Value for Money. It is based on the principles of Commissioning as promoted by Government. Details of these principles are contained in the Introduction to Marketing Strategy Sections 1.1-1.5. Board members are recommended to refer to these sections when reading this report. In particular adopting a Commissioning approach will require a new mindset by officers and councillors as the guiding principle is to provide services that the residents want in the most efficient, effective manner. Commissioning can be defined as the process for deciding how to use the total resources available in order to improve outcomes in the most efficient effective equitable and sustainable way.
- 3.10 The Panel believes that the Scrutiny Board should recommend a firm way forward, in that the Council should adopt the process of Commissioning. This would be a fundamental strategy decision which would involve setting up a dedicated Commissioning team of experienced officials suitably trained to deal with the process. There would be cost and resource issues flowing from this. The Panel is aware that there is some work being undertaken currently but a clear lead from Councillors is necessary if this is the way forward. Consideration of alternative methods of procurement /delivery of services would flow from this fundamental decision.

4.0 Public Service Mutuels – Cllr John Smith

- 4.1 As part of this report I looked at the creation of Public Service Mutuels (PSMs), or 'Spinning Out'. Mutualisation is a relatively new addition to the arena of public service reform. The new mutuels in the public sector area not mutuels in the true sense of the word. They do not satisfy both tests of mutuality, namely, the business is owned by and run for the benefit of its members. They do share similar characteristics to mutuels as their businesses are directed towards delivering a collective benefit for improved public services, rather than maximising profits for shareholders.
- 4.2 The Government is actually promoting mutuels as a success story, indeed, the Cabinet Office lists 100 established and developing PSMs across England and, of these, 65 projects are already live, delivering around £1 billion of public services.
- 4.3 As part of my investigation, I visited West Sussex County Council to learn about Aspire Sussex Ltd, which, until September 2012, had been an in-

house County Council-run service delivering community learning services to people aged 19-plus in 200 community venues across West Sussex.

- 4.4 Key customer groups supported by this service are people who have mental health needs or learning disabilities, lone parents, ex-offenders and vulnerable or disadvantaged groups. Core funding came from the Skills Funding Agency (SFA). West Sussex County Council were made aware by their legal team of future risks in keeping Aspire in house. There was no statutory requirement to provide this service and the Council was advised that there could be future redundancy/pension liabilities and, because of current Government restraints, the service could become a financial liability to the Council.
- 4.5 I was that of the driver behind Aspire asking to 'spin out', was the aspiration to create a new organisational model that would give the service more freedom and flexibility, be more responsive to client demand, gain new funding opportunities and reduce their dependence on their main contract with the SFA. By spinning out and obtaining charitable status, Aspire would have greater commercial freedom to access grant funding.
- 4.6 This mutualisation has worked well for both parties; the Council no longer has the future financial risk and Aspire, having charitable status, can gain sponsorship and access to tax relief. Aspire seemingly are going from strength to strength and have gained national awards.
- 4.7 I also pursued my enquiries into PSMs with Portsmouth City Council and arranged an interview with officers Louise Wilders, Charlotte Smith and Joe McGoldrick. In looking at the staff mutuals agenda, the Council identified significant risks in setting up a PSM for both parties.
- 4.8 The Council's legal team provided a comprehensive briefing, pointing out several issues demonstrating that the process of setting up a mutual is neither quick nor simple. The team pointed out that there are benefits and risks to any Council involved in setting up a mutual.
- 4.9 My research suggests that a team leading on a mutualisation proposal must have a detailed financial/business plan in place. The Council will need to provide expert financial, legal and HR assistance, which has a cost implication. The mutual will need the host Council to meet or assist in their start-up costs by way of a loan or grant and, if possible, provide them with premises or equipment. The staff must understand the risks of running a business outside the Council umbrella. They must develop the relevant business skills to do this, really buy into the scheme and must get trade union involvement.
- 4.10 Finally, spinning out is not a quick process, it took 2 years to set up the Aspire PSM. The question is, could this Council afford the officer time and money? This must be looked into. This Panel feels that Havant Borough Council should have a corporate policy in place to address any staff initiatives to set up a PSM. Because of Government support, staff mutuals may become more popular across the country in the future.

5.0 Shared Services and Community Right to Challenge – Cllr John Smith

- 5.1 During the course of my visit to Portsmouth City Council to discuss mutuals, I broached the subject of the possibility of shared services between PCC and HBC, pointing out the success of the Coastal Protection Partnership, and all agreed that it was an excellent idea for both Councils to start talking. I was really heartened on hearing this response and decided to investigate further. I arranged to meet with PCC Cllr Mattew Winnington, Chair of the Economic Development, Culture and Leisure Panel. I asked him for his views on starting discussions between our two Councils regarding future shared services. He gave me a very positive response and stated that he would speak with his colleagues to gain their views.
- 5.2 Cllr Winnington brought to my attention his latest report entitled 'A review into making Community Ownership work for Portsmouth'. In his report, Cllr Winnington refers to to Challenge as one of the new rights enshrined in the Localism Act 2011 which came into force in June 2012. It aims to make it easier for voluntary and community groups or Council employees to bid to run Council services.
- 5.3 A ministerial foreward to the statutory guidance of June 2012 says that the Community Right to Challenge paves the way for more communities to help share and run excellent local services. This might include making services more responsive to local needs, offering additional social value outcomes or delivering better value for money. It may act as a springboard for radical reshaping of services, or simply trigger small changes that will make a big difference to the quality of service communities receive.
- 5.5 This Panel believes that Havant Borough Council should have a corporate strategy in place to address community groups' rights to challenge under the Localism Act to run Council services, with a view to ascertaining if this could put the Council at financial risk in any way and be prepared to handle any such challenge.
- 5.6 I also met with PCC officers Michael Lawther and Mel Burns at the Portsmouth offices and spoke to them about the possibility of future shared services with PCC. They were both very positive about this and agreed with me that talks should take place and even suggested that there may even be three-way shared services between HBC, PCC and East Hants District Council (EHDC). They mentioned that Human Resources, Communications/PR and Democratic Services as departments that could be looked at. This Panel believes that HBC seriously considers the possibility in the very near future of starting talks with PCC. We feel, in view of the current financial situation concerning the dwindling Government grant, that this is vital.
- 5.7 I had a very positive meeting with David Williams, Chief Executive of Portsmouth City Council, to further explore the possibility of working more closely together to deliver shared services. The two Councils already

have a good working relationship, with regular meetings between the Leaders and Chief Executives and through PUSH and the LEP. The Eastern Solent Coastal Partnership, of which both authorities are members, is particularly successful and PCC would be open to potential future options for developing other shared services with HBC as part of its own mixed economy approach to improving services for customers in the context of the current financial climate and future reductions in Government funding. Any proposal for future shared service provision would need to be subject to a robust business case, supported by both authorities and with political engagement from both partners key ensuring success.

6.0 Decommissioning – Cllr Richard Galloway

6.1 Panel member Councillor Richard Galloway, member for Emsworth, investigated decommissioning as part of the overall commissioning process. Cllr Galloway conducted extensive research into the experience of other local authorities including the London Borough of Croydon and Bristol City Council. Cllr Galloway also interviewed the commissioning team at Croydon. His report is written on the assumption that commissioning will be accepted as a way forward as part of the mixed economy approach to service delivery advocated in this Council's Marketing Strategy.

6.2 Cllr Galloway's full report is attached at Appendix A.

7.0 Social Enterprise – Cllr Victor Pierce Jones

7.1 Panel member Councillor Victor Pierce Jones, member for Hayling Island West, investigated Social Enterprises as part of this scrutiny report and made thorough enquiries with Lambeth Council. Cllr Pierce Jones was impressed by the high level of caution shown by Lambeth Council in going forward with their aim to be a 'Cooperative Council'. The Council put a strong emphasis on the delivery of services endorses. Cllr Pierce Jones had an indepth interview with HBC Executive Director Gill Kneller, who took a positive view of this Council's situation for the future and the way we are moving forward and looking at innovative ways of providing services to our residents. It was suggested that a possible disadvantage for this Council is that we have relatively low financial resources.

7.3 Cllr Pierce-Jones' report is attached at Appendix B.

8.0 Insourcing – Cllr Faith Ponsonby

8.1 Panel member Councillor Faith Ponsonby, member for Battins ward, thoroughly investigated insourcing as part of this scrutiny report. Insourcing, ie, providing services by our own staff to other local authorities, private companies or members of the public thereby bringing

in money to HBC and/or bringing back inhouse services that have been outsourced.

- 8.2 In discussions with the officers, it became apparent that the Council has a pool of expertise which could offer services that may bring in additional funds to the Council.
- 8.3 Cllr Ponsonby has had extensive meetings with HBC Council officers and has contacted other Councils to find out to what extent they have insourced or outsourced services and could do so in the future.
- 8.4 Cllr Ponsonby's report is attached at Appendix C.

9.0 Local Authority Trading Companies – Cllr John Smith

- 9.1 As part of my research, I looked into the setting up by Councils of 'Local Authority Trading Companies' (LATCs). As a Council, we are realising that now that keeping pace with our citizens' expectations in terms of the services we provide, is and will be an uphill struggle at a time when central Government funding is being reduced.
- 9.2 It is important that this Council considers all the options available to save money. LATCs are an opportunity to make money. A LATC is a form of organisation which operates in the same way as a private company, but is wholly owned by a Local Authority. LATCs have shareholdings with the Council holding 100% of the shares. The advantage of setting up a LATC is that the Council can retain in-house expertise and a skilled workforce, maintain direct control with regard to service delivery and is able to retain and reinvest any surplus funds.
- 9.3 During my investigations, I found that at least 20 Councils are planning to transfer their adult social care services to LATCs. Aberdeen CC, Buckinghamshire CC, London Borough of Croydon and Essex CC among others have all set up LATCs delivering a variety of services. This Panel believes that Havant Borough Council should look into the possibility that LATCs be considered as part of our mixed economy marketing strategy.

10.0 Conclusions

- 10.1 In bringing this report to a close, it is important to refer back to the Council's adopted Marketing Strategy. Traditionally, the old approach to marketing for Councils and businesses was to say "this is the product or service we have to offer/these are the facilities, products or Council services that are available, that's all there is, virtually take it or leave it". The new marketing approach, which is the complete opposite to this, should start with the customers' needs and requirements, not the product.
- 10.2 The approach is market-led and today's businesses are spending £millions on customer research to find out exactly what their customers and future customers want. We, as a Council, must continue to go down this route. At an early stage in this review, HBC Leader, Councillor Tony Briggs, and CEO Sandy Hopkins emphasised to the Panel that the

Council's key resources are people and the services we deliver to our customers.

- 10.3 To give our residents good service, we must first understand them through data and information gathering. We must get better, smarter and more efficient at what we are doing on behalf of our customers and we must always strive to improve our services to them, that is what we exist for. As a Council, we must never forget this. The desire to satisfy our customers must be our main objective, and our mixed economy, or open market, approach will help us to identify who may be best placed to deliver services.
- 10.4 This whole approach to service delivery requires a complete culture shift and, as a Panel, we believe that this Council is a long way down that road in this new way of thinking. This change has happened in part because of Government financial restraints, but also this Council and its officers have quickly recognised that, in this new age of service delivery, our customers will demand that change and, indeed, we are doing so already.
- 10.5 The Panel commends this report to the Scrutiny Board.

11.0 Implications

11.1 Resources:

By endorsing the implementation of the Council's Marketing Strategy and examining alternative service delivery models, resource implications will vary significantly, dependant on size of service, final recommendation and objective of the alternative service delivery model. Resource implications will be assessed through a robust business case for each alternative delivery model. Any alternative model will be presented with the national context in mind and will be assessed for their suitability for Havant in the context of providing cost-effective, high quality services that fulfil our budgetary requirements.

11.2 Legal:

Endorsement of the Marketing Strategy has no legal implications at this stage. Implementing different service delivery models will have varying legal obligations. Any service proposing an alternative delivery model would receive full legal support in preparing the full business case. Legal Services have already presented a paper to the Partnership Board highlighting the legal obligations

11.4 Risks:

Endorsement of the Marketing Strategy has no associated risks. Implementation of the strategy would carry elements of risk based on the type of alternative model proposed, impact on customers, financial risks, reputational risk. Each business case would carry a full risk analysis.

11.5 Communications:

The Council customer engagement strategy outlines the draft timetable on customer engagement.

11.6 The Integrated Impact Assessment (IIA) has been completed and concluded the following:

No negative impact in endorsing the Marketing strategy.

12.0 Consultation

As set out in the report.

Appendices:

Appendix A – Decommissioning - Report from Cllr Galloway

Appendix B – Social Enterprise – Report from Cllr Pierce Jones

Appendix C – Insourcing – Report from Cllr Ponsonby

Marketing Strategy – Meeting Local Needs and Delivering Value for Money
September 2012

Acknowledgements

The Panel wishes to record its appreciation to the following who gave their time to provide information and advice in support of the members' research:

Havant Borough Council:

Sandy Hopkins	Chief Executive
Cllr Tony Briggs	Leader
Cllr Mike Cheshire	Portfolio Holder
Gill Kneller	Executive Director
Tom Horwood	Executive Director
Jane Eaton	Executive Head, Governance and Logistics
Susan Parker	Service Manager, Business Improvement
Dawn Adey	Service Manager, Marketing and Customer Relations
Julia Potter	Executive Head for Planning and Built Environment
Robin Seamer	Building Control Team Leader
Debbie Fox	Executive Head for Marketing and Development
Caroline Tickner	Service Manager, Human Resources
Jo Barden-Hernandez	Service Manager, Legal and Democratic
Jamie Gargett	Arboriculturalist

Representating External Organisations:

Cllr Michael Brown	Portfolio Holder, West Sussex County Council
Derek Irvine	Director, Strategic Development, West Sussex CC
Tom Barrett	Scrutiny Manager, London Borough of Lambeth
David Williams	CEO, Portsmouth CC
Michael Lawther	Strategic Director, Portsmouth CC
Mel Burns	Head of IT, Portsmouth CC
Cllr Matthew Winnington	Chair of the Economic Development, Culture and Leisure Panel, Portsmouth CC
Louise Wilders	Head of Customer Services, Portsmouth CC
Charlotte Smith	Corporate Communications Manager, Portsmouth CC
CC	

Background Papers:

1. HBC Corporate Strategy
2. Marketing Strategy "Meeting Local Needs and Delivering Value for Money"
3. Customer Insight – Mosaic Ward Profiles
4. National Audit Office – Establishing Social Enterprises under the Right to Request Programme
5. Cornwall Council – Support Services Options Review
6. Devon County Council – Integrated Commissioning Strategy for Children with Additional Needs
7. Yorkshire and the Humber Joint Improvement Partnership – Commissioning Strategies / Prospectus
8. Bromley Children and Young People Trust – Commissioning, Aims, Principles and Processes
9. East Sussex County Council – Joint Commissioning Strategy, A Plan for services and support for people with learning disabilities in East Sussex 2011-2014
10. London Borough of Croydon Council – Commissioning Strategy, Meeting Local Needs and Delivering Value for Money
11. Audit Commission – Positively Charged, Maximising the Benefits of Local Public Service Charges
12. National Audit Office – Decommissioning, How to Decommission Public Services Delivered by Civil Society Organisations and Maintain Value for Money
13. Employee Ownership Association – So You Want to Become a Public Service Mutual
14. Association for Public Service Excellence – A guide to bringing local authority services back in house
15. UNISON – Insourcing Update: The value of returning local authority services in house in an era of budget constraints
16. Progress toward cooperative council implementation – Lambeth Council
17. DCLG paper; 50 Ways to Save
18. Cabinet Office paper: Procuring Services from Public Service Mutuals

Agreed and signed off by:

Legal Services: 29 August 2013

Relevant Executive Head: 29 August 2013

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