

CABINET

Corporate Review of Service Level Agreements 15 February 2011

Report of the Head of Community Engagement

| PURPOSE OF REPORT | | | |
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| To provide members with an update and findings on a review into SLA's (Service Level Agreements), to recommend some short term actions to improve management arrangements and also the principles of an overall approach to the council's future arrangements for the efficient management of it's investment and support for external organisations, in order to maximise impact. | | | |
| Key Decision | X | Non-Key Decision | Referral from Cabinet Member |
| Date Included in Forward Plan | 28 January 2011 | | |
| This report is public | | | |

RECOMMENDATIONS OF THE HEAD OF COMMUNITY ENGAGEMENT

- (1) That the council extend existing SLA's at current 2010/11 funding levels for the financial year 2011/12 with the exception of the specific time limited agreement with Storey Creative Industries Centre (SCIC) which will end on 31st March 2011 and any SLA's that are supported by external funding tied to specific time periods and where relevant at a reduced level already agreed as part of the 2010/11 Budget Process, e.g. The Dukes
- (2) That officers enter into discussions with County Council to consider the potential for future joint investment in the VCFS (Voluntary, Community and Faith sector), including a shared approach to monitoring and evaluation.
- (3) That potential for shared administration arrangements is investigated in relation to the Council's Welfare Grants in order to achieve efficiency.
- (4) That over the next 12 months, officers develop and bring forward proposals for a commissioning approach with the VCFS and other external organisations that will:
 - Maximise the impact of the council's investment
 - To assist delivery of corporate priorities
 - Provide appropriate support that will safeguard key services

- **Develop the potential of the VCFS to deliver services in the district on behalf of the council.**

1.0 Background

- 1.1 The council currently manages somewhere in the region of 40 separate SLA's. Some of these (17 with a total value of £470,900) would normally lapse at the end of this financial year, however this report is recommending that those included in the Appendix to this report continue for a further year at current funding levels pending further review. This amount excludes those SLA's tied into longer contractual periods, external grant funded SLA's and SLA's relating to land assets, which are of a distinct nature and outside the scope of this report. Within the sector as a whole these SLA's fall into a number of natural groups such as Arts, Housing Support and Crime Prevention. Whilst this report focuses upon the council's SLA's, Cabinet will note there is a specific recommendation relating to the future administration of the council's Welfare Grants. At present the Welfare Grants represents a relatively small pot of money with restrictive criteria and as a result the impact is limited. However, a quick improvement can be achieved by dealing with the disproportionately heavy administration requirements and aligning the grants with other funds available in the district.
- 1.2 Partner organisations and funded bodies fully understand the financial pressures facing the council, and this national context presents an opportunity for the council to consider how best to maximise its investment in VCFS via SLA's
- 1.3 A recent review of the council's approach to SLA's revealed a number of issues which must be tackled to ensure that future investment is clearly focussed on our priorities and rigorously monitored to ensure desired outcomes are delivered.

2.0 Key Issues

- 2.1 The Council has not systematically agreed what it wishes to achieve overall from its investment in SLA's or what services it wishes to prioritise.
- 2.2 Within the Council there are some examples of good practice in terms of the management and monitoring of SLA's and there is an opportunity to spread this across the Council to create consistency and to use the experience gained to best effect
- 2.3 It is difficult to demonstrate that desired outcomes are delivered and fully understand what the council is getting in return for its investment, there is often no assessment of value for money provided
- 2.4 The current need for most VCFS organisations to bid into a number of 'pots' in order to survive can lead to organisations working in the same sector competing against each other rather than working together.
- 2.5 SLA'S currently tend to be automatically renewed without critical evaluation of effectiveness or benefits realised.
- 2.6 In some cases the council has a number of SLA's with a single organisation
- 2.7 Some organisations receiving SLA funding from the council are also in receipt of significant amounts of money from multiple funders. Visibility of global funding to a given organisation is an issue.
- 2.8 A great deal of officer time is spent in the administration of the Council's Welfare Grants whilst the grant fund is currently less than £4000 per annum.

It is likely that a cooperative arrangement with another grant funder may present opportunities to protect the benefits of the grants whilst reducing the administration costs.

3.0 Proposal Details

- 3.1 A number of actions are proposed in order to bring about improvement in the overall impact of the council's investment in SLA's and also to create consistent corporate standards for the management of SLA's in the future so that unnecessary administration costs for legal, financial and monitoring support are avoided, risks reduced and outcomes protected. Some straightforward proposals can be implemented immediately but this report also suggests some new approaches that will take some time to develop. These medium term improvements include more focus on investment linked to corporate priorities, joint investment and more efficient management arrangements by working with County Council and also the development of a commissioning framework that will also support the principles of collaborative working by the council's partner organisations. In detail the proposals are as follows:
- 3.2 Extend existing SLA's at current funding levels for the financial year 2011/12 with the exception of one specific time limited agreement with Storey Creative Industries which will end on 31st March 2011 and any SLA's that are externally funded for a specific time period. This will give the council time to come to a considered view as to what it wishes to achieve from its overall investment in SLA's, in line with corporate priorities and without unintended consequences. As a result future funding should be more targeted at priorities, have a clearer impact and be allocated in a way that seems fair and transparent. It is recommended that proposals are developed to establish clear principles and criteria as a framework for investment decisions to ensure that the council's investments are transparent and targeted towards achieving priorities.
- 3.3 The development of a clear and consistent corporate management framework, to be implemented from 1 April 2011 onwards, will significantly improve the day to day management and monitoring of existing SLA's, ensuring that best practice approaches which currently exist are shared across the authority.
- 3.4 Officers to begin dialogue with the County Council to investigate opportunities to better work together in the funding and management of SLA's. Both councils routinely provide funding to the same organisations and separately monitor and evaluate the delivery of commissioned services. This presents a clear opportunity to reduce duplication and simplify the funding of VCFS organisations.
- 3.5 Officers to also investigate the potential to create efficiency in the management of the Council's Welfare Grants scheme, including investigation of a possible shared administration arrangement with other grant funders.
- 3.6 A further report to be presented to Cabinet which develops specific and detailed proposals for a framework for future investment primarily linked to Corporate Priorities. The following will be considered:
 - An assessment of the opportunities and the advantages /disadvantages of providing future support to specific sectors rather than to individual organisations
 - The support that may be required for the development of collaborative arrangements between external partners to work together to jointly deliver services in an efficient and effective way.

- The development of a formal commissioning approach that will provide a corporate framework for consistent and effective management of the council's investment in return for delivery of priority services by external partners, linked to clearly defined outcomes

4.0 Details of Consultation

4.1 In preparing this report, the council has consulted with all organisations currently funded via SLA's and their views have been taken into consideration in the development of this report. Feedback from the consultation focused on the importance of the funding brought in by SLA's, particularly in terms of how these brought in further match funding in order to achieve service delivery and also the impact of the work carried out through supported services in the local area.

5.0 Options and Options Analysis (including risk assessment)

| | Option 1: Agree Recommendations | Option 2: Do Nothing |
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| Advantages | Potential for a much higher impact as a result of the council's investment. Opportunity for possible savings in the future without loss of services Efficiency achieved as a result of more consistent corporate management arrangements Increased impact and efficiency achieved by potential joint investment and shared management arrangements. | Will not require significant investment in officer time. |
| Disadvantages | Development of a consortium approach by sector will require significant investment of officer time in the early stages although has the potential to create efficiency later. | The council could fail to maximise its investment in VCFS and other external organisations and there is continuing inefficiency and duplication in both funding and administration. |
| Risks | New ways of working may take some time to develop and partners may need some support to build capacity given that not all organisations are at the same level of maturity. Collaborative working arrangements may be difficult to achieve in some cases. | The council could appear inconsistent in the manner in which it provides support to VCFS and other external organisations. |

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| | Officer time spent on development of proposals is not available for other activities. | |
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The preferred option is Option 1.

6.0 Conclusion

The review of Service Level Agreements has highlighted a number of issues as detailed in this report. However, there is no doubt that many of the services currently funded by the council via its SLA's are valuable and have an impact on our local communities. Whilst this report suggests some immediate actions that can lead to fairly quick overall improvements, there is an opportunity to look further ahead and to prepare for some more significant changes in the medium term future. This work will take longer to develop but could allow the council to be better placed in the future to achieve more from its investments, to have the management tools necessary to support key services through a commissioning framework and to be able to support external partners to develop the collaborative approaches they will need in the years to come. The report therefore recommends that the current investment in SLA's is maintained whilst the work required to develop the medium term proposals is undertaken. Future reports to Cabinet will provide further information on the proposed approaches.

RELATIONSHIP TO POLICY FRAMEWORK

This report is consistent with current corporate priorities and the continuation of these as agreed by Cabinet at its meeting on the 9 November 2010 and which will be sent to Council for consideration, reinforced the following principles:

- Partnership working and Community Leadership – working with partners to reduce costs, make efficiencies and create resilience within the district.
- That Cabinet notes the intention to protect the most vulnerable in our society should also be a thread that runs through all our priorities.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The proposals and recommendations of these reports do not have much immediate impact as they largely refer to future working arrangements and the impact of these would be presented in due course depending on the agreed approach. In terms of the current SLA's then these contribute to many of the strands of the Sustainable Community Strategy on issues including community safety and valuing people with groups from across the CVFS having existing SLA's.

LEGAL IMPLICATIONS

The contractual arrangements of SLA's with external organisations would need to be improved and this has been discussed informally already with legal staff within the Governance Service. Their involvement would be crucial to developing such agreements in the future.

FINANCIAL IMPLICATIONS

The 2011/12 draft budget currently assumes inflationary increases of 2.4% for all city council funded SLA's, therefore if the recommendation to freeze such grants at 2010/11 levels is agreed there will be a saving of £10.5K.

Members are reminded that funding for the Dukes is less in 2011/12 compared to the current year as a result of budget decisions made during the 2009/10 and 2010/11 processes.

Members are also reminded that although LCC grant funding to the SCIC will cease on 31st March 2011, there will still be ongoing monitoring requirements in future years arising from output evidence to be achieved as per previous external grant conditions for which the council has acted as accountable body for. There will also be ongoing annual related company reporting requirements for the council as it has a nominated Member on the SCIC board acting as liaison between the SCIC and ourselves.

Ongoing review and monitoring of SLA's by the Partnerships Team will continue to be undertaken in conjunction with ongoing support from Financial Services and Legal Services where appropriate.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Alternative management arrangements for Welfare Grants would result in a reduction in the administration burden for Democratic Services staff to a level which would be in line with their current staffing levels, following the recent restructure.

Option 1 requires a significant investment in officer time to bring about the changes proposed.

Information Services:

There are no specific Information Services implications arising from this report.

Property:

There are no specific Property implications arising from this report.

Open Spaces:

There are no open space implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

As outlined in the financial implications, the recommendations would provide for some savings from 2011/12 onwards and the s151 Officer would advise that these be considered in context of the Council's priorities and its future financial prospects, as well as the need to achieve value for money.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comment.

BACKGROUND PAPERS

Appendix A to the report.

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