



Simpson Review: What services are best delivered where?

To: All contacts in Wales

This briefing provides details of the main findings of the Simpson Review established by Carl Sargeant AM to examine how greater collaboration between the 22 local authorities in Wales could be achieved.

Key issues:

The ten principles for change that underpin the move towards greater collaboration
Recommendations from the review setting out in which service areas greater collaboration could be achieved

The points that need to be considered when designing governance arrangements

Further information and support is available from APSE by contacting

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1. Background

The Simpson Review was established by the then Social Justice and Local Government Minister Carl Sargeant AM (*now the Minister for Local Government and Communities*) with the aim of further driving forward the agenda in Wales on collaboration and joint working. The minister has been clear that replicating every function 22 times is unnecessary, duplicative and wasteful; but that wholesale local government reorganisation is not an option either. The review outlines how greater collaboration could enhance local democracy and deliver as a minimum better value for money and/or an improvement in service. APSE has previously issued a briefing to member authorities on shared services and joint working, which can be found [here](#).

2. Ten principles for change

The review outlines ten principles that should underpin and inform the work of local authorities as they seek to pursue greater collaboration, creating a framework for moving forward with this agenda.

The outcome must be better for the citizen and user: Any change in service delivery must produce either cashable savings delivered within an agreed timetable or defined service enhancements that service users can understand and appreciate.

Focus on functions not whole services: Greater collaboration should take a pragmatic approach examining which aspects of a particular service are best delivered at each level. There are no hard and fast rules about what should be delivered where.

It is about better collaboration not just hard geography: How collaboration is achieved should reflect local circumstances and priorities. There is no 'right size' for the delivery of all local authority services or functions and not all collaborations need to be based on geographic proximity.

Collaboration can take many forms: Different issues will require different solutions and a proper understanding of the function and outcomes desired should inform the decision about the best type of collaboration in each circumstance.

Local accountability and freedoms must be enhanced and not diminished through the process: It is possible to have different levels of service organisation whilst still allowing local determination as to how that is applied or funded; but this does require clarity about governance arrangements.

We have to ask the right questions: Evidence shows that the appetite for greater collaboration across Wales is not in doubt. The real questions are around how we generate greater pace, a more strategic and co-ordinated approach as well as the evidence of achievement.

Leadership to deliver the change: Managers, employees and political leaders at all levels need to be engaged in the process of collaboration.

Engaging staff is critical: Staff are the greatest resource any local authority has and so need to be actively engaged in the design of any new solutions.

A compact with consequences: The Simpson review suggests that there should be a clear Compact for Change that would be signed off by the Welsh Government and WLGA.

Supporting the change to deliver the change: Strong national leadership from the Welsh Government and strong local leadership by Welsh local government should reinforce each other.

3. What services are best delivered where?

The review has set out a series of recommendations based on the ten principles of where greater collaboration could be achieved, broken down by the relevant service area. Outlined below are some of the recommendations from specific service areas; for more detail, click [here](#) to open the full report.

Catering and cleaning

- The procurement of service contracts such as catering and cleaning in education has been marked out as one area that could benefit from greater collaboration. It is

recommended that existing preparations for enhanced collaboration in education services are completed over the next year and implemented during 2012-13.

Efficiencies, procurement and service transformation

- Local authorities should collaborate in the provision of a range of corporate services including payroll, pensions, legal services and HR. Over time and in some instances this collaboration should progress to a national level.
- Local Authorities should consolidate and build upon existing arrangements for collaborative procurement based on shared approaches to contract documentation, standards and financial limits.

Roads, highways and street lighting

- The planning, management and delivery of strategic highways should be organised collaboratively at a regional level.

Social Care

- Support services for social care should be provided collaboratively.
- Collaborative procurement arrangements in social services should be put in place across Wales for the procurement of high cost care packages for looked after children, mental health and learning disability, domiciliary care, tele-care, emergency duty teams and respite care.

Waste management, refuse collection and street cleansing

- Procurement of facilities for the management and reuse of waste should be organised collaboratively by local authorities.

4. Ensuring good governance

The Simpson review makes it clear that citizens, councillors, managers and employees all need to be assured that governance arrangements for any collaborative service delivery are robust, effective and fit for purpose. In any collaborative arrangement there needs to be a host organisation, which can either be one of the participating organisations or it can be a legal body constituted and owned by the participating organisations for the specific purpose of delivering the shared service. In any given scenario the following governance points need to be considered and made clear;

- **Definition of purpose:** Any collaborative arrangement should be based on a written agreement that sets out the purpose of the arrangements and is ratified by the political executive of each participating local authority.
- **Governing body:** There should be a shared governing body established to provide oversight and strategic direction for the shared service.
- **Performance specification and monitoring:** The performance expected from the shared service must be clearly specified and monitored so that the public, councillors and service managers have knowledge and assurance of what is to be delivered.

- **Funding mechanisms:** In any collaboration which relies on shared resources there will need to be an agreed mechanism which allows for the shared funding of those resources. This may be done by apportioning the costs on a formula basis.
- **Political Scrutiny Arrangements:** The exercise of political scrutiny must be applied to shared service provision. For example, a shared scrutiny committee might be established.
- **Citizen redress:** Specified and transparent arrangements for citizen engagement and redress should be put in place from the start.

5. APSE commentary

Within the current financial climate, APSE agrees that developing a collaborative approach, where appropriate, is one of the ways in which efficiencies can be sought as well as service improvements made by council services. APSE's recent research publication, "Avoiding the road to nowhere: Transforming front-line service delivery through efficiency and innovation" ([click here](#)), looks at some of the responses being made by councils throughout the UK to the efficiency agenda and includes case studies of shared services and collaboration. The case for collaboration will usually centre on economy of scale (shared management, investment and risk) and the pooling of knowledge. APSE has developed the following simple model of appraising the options of different types of shared service arrangements:

	Public/private company	Public/public company	Joint board/committee
Potential for savings	High but some savings lost as profit to partner	High but some savings will stay with company	High but all savings accrue to councils
Risk	Highest as long term contract with low level of control – budgets ring fenced for term	Medium but still a contractual environment and budgets ring fenced	Lowest as no contracts and high level of flexibility
Impact on service delivery	Highest risk of disruption and financial risk	Medium as still contractual environment	Lowest as high level of flexibility and capacity to tailor to needs
Acceptability	Lowest as unlikely to be acceptable to workforce and may alienate members and public	Lower as services retained in public interest	Highest
Implementability	Complex, lengthy, expensive	Less complex but will still need contract – may result in increased transactional costs	Easiest option to implement
Control/Governance	Contract overtakes member control	Contract/ legal obligations to company - conflict of interest	Retain member control – but still potential for conflict of interest

Any options appraisal would also need to take into account economies of scale and economies of flow; that is, what aspects of the shared service are likely to deliver economies of scale (and what is the risk if the predicated economies of scale are not fully realised) and which aspects need to be tailored to the individual demands of the local area.

There are many examples of effective shared services already in existence and APSE would urge member authorities to consider simplified arrangements to shared services. A good example is Tayside Contracts which is a Joint Committee of Angus, Dundee, Perth and Kinross covers catering, cleaning, roads maintenance, vehicle maintenance and winter maintenance. Set up in 1996, Tayside Contracts has returned £14.3 million to the three Councils.

At the last AGM, APSE Wales decided to commission research into shared services and alternative models of service delivery in a Welsh policy context. This will include a case study document setting out where shared services have worked well, what the problems have been, what the workforce issues are that need to be considered and will include a demonstration project of Tayside Contracts and how this could be applied to Wales. It is envisaged that this piece of research will be available to member authorities by the end of 2011.

6. Next steps

- A full copy of the Simpson review can be downloaded [here](#)
- A compact detailing the development of collaborative and national service delivery will be agreed by the Welsh Government and WLGA by July 2011.
- The first annual report back from WLGA will be due in March 2012.

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