

Appendix 4

Environment Services

Tri-Borough Service Plans and Proposals

Cabinet Meeting

22 June 2011

ENVIRONMENTAL SERVICES PORTFOLIO

Proposals for combining the management of services provided by Kensington and Chelsea and Hammersmith and Fulham Councils.

Recommendations

1. That each council's Cabinet should agree these plans as the basis for forward planning and agree to further refine them and begin implementation.
2. That subject to further consideration of the timing of staff departures the savings should be incorporated into projected budget plans.
3. That the Cabinets agree to set up a joint Member Working Group with delegated authority to supervise the further refinement and implementation of these plans.
4. That processes begin to appoint to the proposed revised Chief Officer positions.
5. To proceed to a formal exchange of documentation between the two boroughs by the end of March 2012.
6. To refer the plans for further comment by Scrutiny committees and for further formal consultation with trade unions.

1. SUMMARY

- 1.1 This report recommends a Bi-Borough approach between Hammersmith & Fulham (H&F) and the Royal Borough of Kensington & Chelsea (RBKC) with a new senior management structure by June 2012 and the introduction of combined services fully complete by 31 March 2014.
- 1.2 This report sets out the services, proposed structure, key borough principles, implementation and delivery vehicles, programme governance, estimated savings and timelines.
- 1.3 There are 29.5 senior management staff in scope between RBKC and H&F. This report proposes reducing senior management numbers to 15.5 over three years with a 48% reduction in the

three top tiers of senior management across the two boroughs, reducing senior management costs by £1.33m, less £175K attributed to capital and other sources in the tier three transport and highways posts at H&F. The indicative senior management savings are based on mid-point indicative figures and will vary according to the staff selected for redundancy.

| | | Current | RBKC | H&F | Current cost RBKC | Current costs H&F | Proposed | Cost of proposed | Share of new costs at 50% | Total savings | RBKC attribution | H&F attribution |
|--------------|---------------------|----------------|-------------|----------------|--------------------------|------------------------------|-----------------|-------------------------|----------------------------------|----------------------|-------------------------|----------------------------|
| | | FTE | | | £ | £ | FTE | | | £ | £ | £ |
| Tier | Director | 2.5 | 1 | 1.5 | 157,297 | 311,829 | 1.5 | 281,475 | 140,737 | 187,651 | 16,560 | 171,091 |
| Tier | Assistant Directors | 6 | 2.5 | 3.5 | 355,344 | 377,372 | 4 | 488,476 | 244,238 | 244,240 | 111,106 | 133,134 |
| Tier | Heads of Service | 21 | 10 | 11 | 842,687 | 866,495 | 10 | 813,900 | 406,950 | 895,282 | 435,737 | 459,545 |
| Total | | 29.5 | | | 1,355,328 | 1,555,696 | 15.5 | £1,584M | 791,926 | 1,327,173 | 563,403 | 763,770 |

- 1.4 This paper proposes timescales reflecting the new agreed Tri-Borough HR protocol.
- 1.5 We will continue to explore Tri-borough work where appropriate. This paper proposes that the Emergency Planning and Business Continuity Service could be a Tri-Borough service from the outset. The proposed interim management structure in this paper is designed to allow scope for Westminster City Council (WCC) to participate in joint Environment Services from 2014 (or earlier if appropriate). WCC have a range of outsourced services and currently are content to maintain their current management arrangements.
- 1.6 This report differs from previous proposals in that it includes:
- A revised implementation timetable
 - Governance proposals
 - Proposals to give staff capacity to manage service reviews without disrupting existing levels of service delivery
 - A discussion of where joint staff will be employed
 - A broad indication of possible savings from the further service reviews and from an assumption that we will want to further rationalise support functions - principally finance support staff.

2. BACKGROUND

- 2.1 Current responsibilities for the environment family of services (and others currently out of scope across the various business units and departments providing environmental services at RBKC and H&F) are as follows:

RBKC:

| | |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transport, Environment & Leisure Services | Parks and parks police; leisure centres; sports development with adults; arts; heritage and museums; events; waste management / recycling / street cleaning; some elements of community safety; street enforcement; markets; highways; transport policy; parking; licensing; environment policy; climate change; ecology; tourism. |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| | |
|--------------------------------------------------|------------------------------------------------------|
| | |
| Planning and Borough Development | All planning functions inc. building control |
| Housing, Health and Adult Social Services | Environmental health & trading standards |
| Family and Children's Services | Libraries |
| Policy and Partnerships Unit | Community safety; Emergency and Contingency Planning |

H&F:

| | |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment Services | Planning, Building Control, Highways, Transport Policy, Parking, Environmental Health & Trading Standards, Licensing, Environment Policy, Corporate Health and Safety, Carbon Reduction/Climate Change, (plus Asset Management, Property Services, Facilities Management, Building Works and New Ways of Doing Business Corporate Transformation Programme) |
| Residents' Services | Libraries, Leisure and Leisure Centres, Sports development, Culture, Heritage, Arts, Events, Waste Management/Re-cycling/Street Cleaning, Street Operations (i.e. Community Safety, Wardens, Enforcement, Markets, Parks Constabulary) Emergency Planning, Corporate Resilience, Public Conveniences, Mortuary, Coroners Court, Registrars, Fleet Transport (plus Corporate Workforce, Customer Transformation Board, Market Management) |

2.2 Scope of Services considered.

At earlier stages in the exercise it was decided to separate “libraries” from this set of services. Proposals for a Tri-borough Libraries services have now been developed separately.

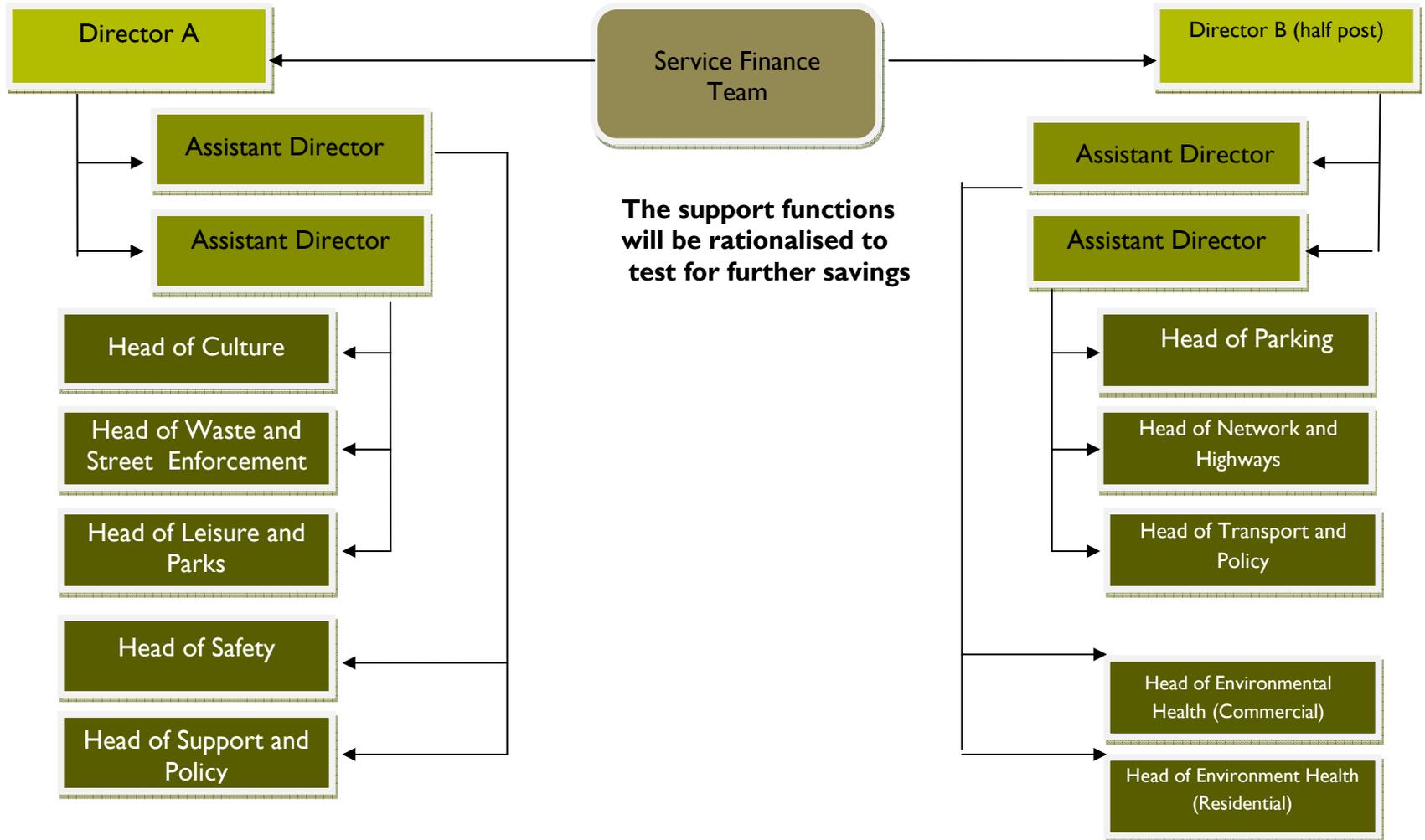
It was also decided to keep planning functions as wholly separate functions in each council.

Licensing was another service where the assumption was that each council should keep its own service but the May Progress Report re-opened that debate and this report suggests that an option to integrate the management of two distinct licensing teams might be efficient whilst capable of maintaining each council’s distinct policy framework.

The current Senior Management cohort of the two councils in scope is as follows

| | | FTE |
|--------------|---------------------|-------------|
| Tier 1 | Director | 2.5 |
| Tier 2 | Assistant Directors | 6.0 |
| Tier 3 | Heads of Service | 21.0 |
| Total | | 29.5 |

3.0 PROPOSED SENIOR MANAGEMENT STRUCTURE



3.1 Proposed remit of Director A: (title to be confirmed)

Combined services:

| | |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Culture | Carnival, Opera, Arts, Museums and Heritage, Filming, Events |
| Waste and Street Enforcement | Domestic Waste, Trade waste, Street Cleaning, Recycling, Disposal, Graffiti, Clinical waste, Street Enforcement, Markets |
| Leisure and Parks | Sports, parks, grounds maintenance, Leisure Centres, cemeteries, ecology |
| Community Safety | ASB, DAT, Community Safety Policy and delivery, Parks Police/Constabulary, Neighbourhood Wardens and Policing, CCTV, Security, Coroners, Mortuary, Fleet Transport, Registrars |
| Support and Policy | Emergency planning, Resilience; Service delivery planning, performance management, workforce development, equalities, FOI/EIR, Data Protection, Research and Consultation, Communications, Policy Development, Finance |

And also:

| | |
|---------------|--------------------------------------------------------------|
| RBKC services | Carnival; Opera, Museums and Heritage, Ecology |
| H&F services | Graffiti; Neighbourhood Wardens; Fleet Transport; Registrars |

3.2 Proposed remit of Director B (title to be confirmed)

Combined services:

| | |
|----------------|----------------------------------------------------------------------------------|
| Parking | All parking functions, operation and back of house except permits administration |
|----------------|----------------------------------------------------------------------------------|

| | |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Network and Highways | All maintenance, project management, network management and construction functions |
| Transport and Policy | Policy, capital programme and liaison with TFL |
| Environmental Health Commercial | Food safety team (including infectious disease and water supplies), training services, Trading Standards, all licensing functions |
| Environmental Health Residential | Private sector housing, noise and nuisance, environmental quality team, pest control team |

And also:

| | |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RBKC Services | Licensing, Environmental Health training |
| Hammersmith and Fulham | This existing set of services: Planning, Building Control, Asset Management, Property Services, Building Works, Facilities Management (subject to outcome of corporate services property work stream), Technical support, IT liaison, Business planning, Change management & Transformation activity, Licensing |

- 3.3 More work still needs to be done to agree the appropriate home for the Community and Public Health role of RBKC Environmental Health Services, corporate climate change work and climate change staff. The model for Community Safety needs further analysis and discussion with police interests.
- 3.4 As discussed above, this report proposes the combined management of licensing. Although previously out of scope due to sensitivities of place, officers believe that a service tailored to the local expectations of each borough can be most efficiently delivered under common senior management. A post of Head of Licensing at level 3 could be maintained during the transitional period to allow extra capacity in this area.

3.5 The proposed Senior Management structure represents a 48% reduction in the top three tiers of Senior Management

| | | Current | Proposed |
|--------------|---------------------|----------------|-----------------|
| | | FTE | FTE |
| Tier 1 | Director | 2.5 | 1.5 |
| Tier 2 | Assistant Directors | 6 | 4 |
| Tier 3 | Heads of Service | 21 | 10 |
| Total | | 29.5 | 15.5 |

4. BOROUGH PRINCIPLES

4.1 There are different sovereignty priorities across RBKC and H&F and the proposed model will ensure that services are provided to meet local priorities and resident/customer expectations whilst enabling efficiency options to be explored and delivered where appropriate.

4.2 The key agreed principles which will underpin service delivery are:

- The structure will respect the sovereignty guarantee;
- Policy priorities and values for each Borough will be respected and delivered;
- The principle will be shared management charged with delivering an agreed set of services for each borough. Over time some of these services may be to a common specification but the important principle is that each council will continue to set out its own priorities, budget levels and expectations.

The proposal will create two resilient and supportive management teams reducing senior management costs by 48% by 1 April 2014.

4.3 The key values and priorities for each Borough will be as follows (but not necessarily mutually exclusive):

| |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>RBKC</p> <ul style="list-style-type: none"> • Protecting and enhancing the value of the streetscape as set out in our streetscape policy • Promoting the borough's position in London's cultural life • Protecting and improving our parks and open spaces as places for everyone to enjoy • Improving the health of people living in North Kensington, |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>improving and protecting the health of all through the Environmental Health Team</p> <ul style="list-style-type: none"> • Helping people feel safe • Keeping under review the balance of charges and subsidies for commercial waste, cemeteries, leisure centres, markets |
| <p>H&F</p> <ul style="list-style-type: none"> • Reducing crime and anti-social behaviour • Sustaining a cleaner greener borough • Reducing council tax and providing value for money <p>In addition H&F is currently working to the 3 R's as driving principles which are:</p> <ul style="list-style-type: none"> • Reforming public services without impacting on front line services and provision to residents/customers • Restructuring to reduce management • Reducing the use of assets and therefore building costs |

5. TIMELINES

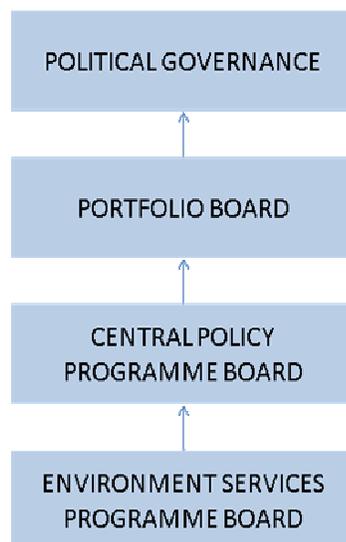
5.1 This paper proposes that the shared Directors and Assistant Directors are recruited and in post by 1 April 2012. Appointments to Heads of Service would follow as soon as practical. Some senior management staff would be retained through to a later date to provide capacity for operational senior managers to deliver services and manage change and to ensure the delivery of key responsibilities such as the Olympics. The paper proposes that the combined service then seeks to review options for further savings and service improvement by looking at how each council delivers services and how some further alignment or synergies might be achieved. The full new service would be completed by April 2014.

5.2 Earlier work suggested that such reviews of how services are delivered might yield further savings of up to £1.7m. This figure is not reliable but serves as a responsible estimate of the possible savings from the compare and contrast work possible once services are reporting to senior staff who can look across the current arrangements. Both councils need to make further reductions and both councils currently have systems in place to analyse current spend and bring forward options for reduced

expenditure for the 2012/13 budgets and beyond. These service reviews will therefore need to be seen in this context.

6. GOVERNANCE AND IMPLEMENTATION

- 6.1 This paper proposes Cabinet Member involvement in supervising the further refinement and the implementation of these plans. Meeting periodically, such a group can also consider opportunities for joint procurement or further joint posts and also ensure Cabinet Members collaborate to share learning and test out new ideas to maximise the benefits of collaboration.
- 6.2 An **Environment Programme Board** will be the officer body, chaired by Derek Myers, Chief Executive RBKC, charged with delivering the new structure.
- 6.3 The overall Tri-borough initiative will be supervised by a Board made up of the three Leaders of the three Councils.
- 6.4 An officer group will ensure we plan carefully the IT changes, HR issues and other common infrastructure issues, such as office accommodation, that will need to evolve to support the planned management integration.
- 6.5 In addition, the support of the Environment Services Programme Board ties the departmental change process into the corporate Tri-Borough programme. The diagram below sets out the wider programme management process.



- 6.7 The Environment Member Group (see paragraph 6.1 above) should not replace the current Cabinet Member meetings with senior staff, though the frequency of and attendance at such meetings will need to be realistic.

7. WHO EMPLOYS THE JOINT STAFF?

- 7.1 Of the proposed two Director posts, Director B (principally Transportation and Highways) will also continue to manage an important portfolio for H&F - including planning and a variety of other services. This confirms that this post should stay on the H&F payroll. It is assumed that for simplicity RBKC will pay half the costs.

Similarly the two Assistant Director posts and eventually the new Head of Service group of managers will be hosted for employment purposes by H&F.

We are currently evaluating the costs and benefits of where to host the second Director (principally Culture, Waste, Leisure and Safety), who also will retain responsibility for some H&F additional services. We will make a recommendation to the Member Group in due course.

- 7.2 Having the new service hosted in one council does not mean that the entire management team will work in the town hall of the host council. We should expect the general office systems to be able to connect residents, customers and councillors to the senior staff seamlessly, no matter where they are located. Any change in management remits and personnel should appear no different to customers and residents than is the case when staff leave and are replaced with new people.
- 7.3 While it might make sense to bring the Directors and Assistant Directors of the new service together in one place, Service Heads may need to be close to their teams, who may be brought together in either of the two councils, and, in any case, some staff may need to be peripatetic.
- 7.4 All other staff will stay on their current terms and conditions for at least two years. During that time we will fully examine options for standardising terms and conditions. The principle is that taxpayers

in one borough should not expect to pay more for comparable staff than those in another borough without good reason.

8 INDICATIVE COST SAVINGS

- 8.1 The current cost of the senior management teams in both councils is shown in Table One

Table One. Current management costs

| | H&F | RBKC | TOTAL |
|--------------|------------------|------------------|------------------|
| | £ | £ | £ |
| Tier 1 | 311,829 | 157,297 | 469,126 |
| Tier 2 | 377,372 | 355,344 | 732,716 |
| Tier 3 | 866,495* | 842,687 | 1,709,182 |
| TOTAL | 1,555,696 | 1,355,328 | 2,911,024 |

* less £175K attributed to capital and other sources in the tier three transport and highways posts at H&F.

- 8.2 The proposed savings are based on the mid-point salaries, and will of course be dependent on the actual salaries and protected salaries of those appointed to the new posts. Table Two shows indicative costs for the proposed structure:

Table Two. Indicative cost of combined management

| | Mid point | FTE | TOTAL |
|--------------|------------------|-------------|-------------------|
| | £ | | £ |
| Tier 1 | 187,650 | 1.5 | 281,475 |
| Tier 2 | 122,119 | 4.0 | 488,476 |
| Tier 3 | 81,390 | 10.0 | 813,900 |
| TOTAL | | 15.5 | £1,583,851 |

- 8.3 Costs and savings will be apportioned on the agreed protocol. Until the new senior management cohort has been appointed, alongside the transition support team, the extent and allocation of savings cannot be considered firm. We expect that the majority of senior management savings can be begun in 2012/13, though the intention is to retain some capacity until 2013/14.
- 8.4 Earlier work on the joint services has shown possible savings of £1.7m, but this needs to be tested through the examination of individual business cases. A better understanding of the individual

service savings, and the case for combining services, will emerge through future work.

- 8.5 At present there are 14.5 service based finance staff across the three existing departments in the two councils. Initially IT and finance systems will stay separate. It might be possible to reduce this number by say 30%, saving approximately £270K. The business case for staffing reductions in service finance staff will be tested and shaped through the service review process, but at the end of the timetabled period, to ensure there is sufficient financial capacity in the new service to manage the demands of transformation. These figures do not include finance staff who will be the subject of review inside the parking services review.
- 8.6 Developing joined up operational IT systems for the new service is included in the work of the corporate work stream. No proposals or savings have been identified in this report as they will be included in the Corporate Services proposals.
- 8.7 Table Four indicates the possible savings deliverable between 2012 and 2014.

Table Four. - Environment Savings

| | Up to £ |
|---------------------|------------------|
| Management -Assured | 1,330,000* |
| Services - Possible | 1,700,000 |
| Support - Possible | 270,000 |
| Total | 3,300,000 |

*less £175K attributed to capital and other sources in the tier three transport and highways posts at H&F

9.0 SCRUTINY ARRANGEMENTS

- 9.1 If Cabinet agrees these plans then they will be referred to Scrutiny arrangements in each borough for further consideration.
- 9.2 They will also be the subject of further consultation with trade unions.
- 9.3 Public consultation on the principles of Tri-borough working has already been completed.

- 9.4 The plans will benefit from further refinement and it is recognised that the implementation of these plans will require further decisions to be made, issues resolved and new protocols developed.
- 9.5 Insights and suggestions from Scrutiny committees will therefore be valuable as we proceed.

10. AREAS WHERE FURTHER DECISIONS WILL BE NEEDED.

1. How to resolve the hosting arrangements for senior management team A.
2. How to allocate savings across the projected budget years 2012/13, 2013/14 and 2014/15.
3. Work on confirming each borough's particular expectations - called in other Tri-borough Services the "mandate".
4. How to rationalise support service costs whilst ensuring sufficient staff are retained to ensure good financial control of separate budgets.
5. How revised Member briefing and accountability diaried meetings are to be scheduled.

11. HANDLING POSSIBLE CONFLICTS OF INTEREST

- 11.1 Keeping planning functions separate will help ensure conflicts of interest on land use issues are not ignored or fudged.
- 11.2 It is conceivable that other issues may arise where the two councils are either seeking to achieve different objectives or are competing for a scarce resource.
- 11.3 It will be for politicians in both councils to ensure such clear local interests are not compromised and for the joint Chief Executive to ensure that both councils are not in want of sufficient independent advice on how to secure their objectives.

- 11.4 The separate Monitoring Officer, in each council is an additional safeguard to ensure each council can continue to make proper decisions, based on local merits.
- 11.5 If necessary, and on the request of either Cabinet, additional external advice can be sought. It is recognised that such costs can be seen as an off-set to the savings achieved from joint management but it is argued that any such costs would be exceptional.

12. RISKS

| | Risk | Level | Mitigation |
|---|----------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Failure to achieve savings | M | Savings levels in this report are indicative, more or less may be achieved within a range of +- 10%. Management savings are dependent on the individual salaries of the new management team, and the extent of the allocation to other funding sources for highways staff in H&F. The figures shown for service reductions need to be tested in business cases and by scrutiny through the review process described in this report. |
| 2 | Failure to meet timetable | M | Building capacity into the process by delaying some staff departures helps ensure that the timetable in this report can be delivered. |
| 3 | Service quality reductions | M | Retaining some capacity frees up the new Management team to concentrate on the demanding business of understanding Bi-Borough service delivery and ensuring that service quality and standards do not deteriorate during the transition period. |

| | | | |
|---|----------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Loss of local knowledge in the officer group | M | Building in support capacity for the change programme will give senior staff time to acquire local knowledge held by Councillors and their officer colleagues. |
| 5 | Conflicts of interest arise | L | See mitigation strategies at paragraph 11. |