

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**CABINET – 22 JUNE 2011****REPORT OF THE TOWN CLERK AND CHIEF EXECUTIVE****TRI-BOROUGH IMPLEMENTATION PLANS**

The Royal Borough, the London Borough of Hammersmith & Fulham and City of Westminster City considered the report, *'Bold Ideas for Challenging Times'* at their Cabinet meetings in February. A further report containing worked up proposals was considered by the three boroughs in May.

This report provides detailed business cases for the integration of Children's Services, Environment Services, and Adult Social Care departments, and elements of Corporate Services and Libraries Services. It also outlines proposals for the appointment of a joint Chief Executive and Head of Paid Service for this authority and the London Borough of Hammersmith and Fulham.

FOR DECISION**1. BACKGROUND**

- 1.1 Chief Executives agreed to provide to June Cabinets detailed business cases for the integration of Children's Services, Adult Social Care departments, elements of Corporate Services and boroughs' Libraries Services.
- 1.2 Business cases can be found annexed to this document. These have been cleared by Leaders and relevant Cabinet portfolio holders. They outline how, through integration, boroughs can look to save over £33 million, drastically reducing borough overhead costs; over 35% around management overheads for Adult Social Care, Children's services and Environment Services, for example. Savings estimates have been endorsed by borough Finance Directors as robust. All work to develop these tri-borough proposals to date has been undertaken in house without costly external capacity support.

1.3 Boroughs will retain sovereignty over services. Directors will work with boroughs individually to set out strategy and priorities. Directors will then look to take advantage of opportunities to jointly procure and deliver services in order to drive down costs and improve service standards, although Members will always be able to specify delivery on a single borough basis.

1.4 Members further recognise other benefits from joint working:

- By working together Members will be able to better compare and contrast performance on behalf of their boroughs and challenge officers on asserted best practice, strengthening political leadership.
- Services can be improved:
 - By providing the scale necessary to retain specialist expertise; for example, for those with complex needs, such as autism.
 - By providing the opportunity to join up services to residents who work and spend leisure time across borough boundaries; for example, through a single cross-borough Library card.

2. ONGOING MEMBER OVERSIGHT

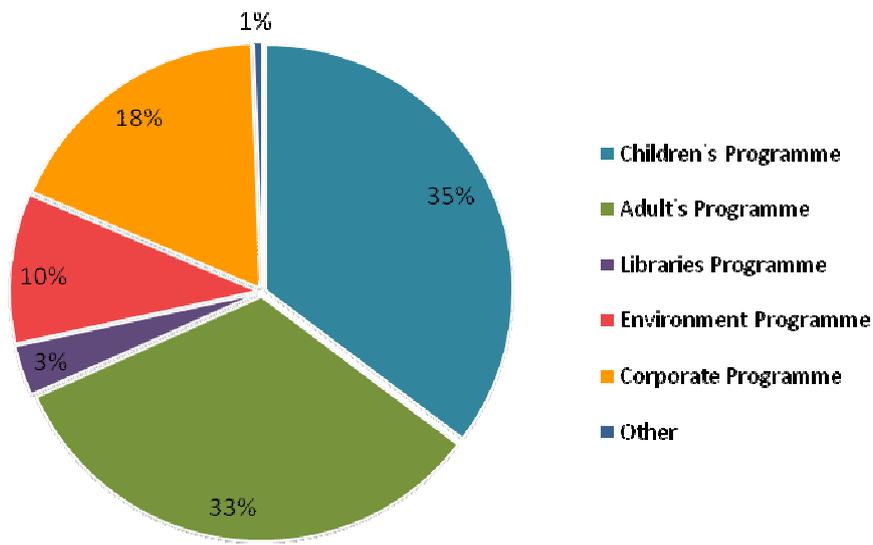
2.1 Due to financial pressures, the need to realise the benefits of combined services rapidly and in full is recognised. Implementation of any agreed proposals will require close Member oversight to refine further the joint service model.

2.2 Should Members agree to business case recommendations, officers would look to establish robust governance arrangements for ongoing Member control of programme implementation. This will ensure that Members can effectively manage ongoing decision making and officers can be properly held to account for timely delivery of savings and wider benefits.

Tri-borough Savings Summary

Service Area	Savings £m by 2015/16
Children's Programme	11.8
Adult's Programme	11.0
Libraries Programme	1.1
Environment Programme	3.3
Corporate Programme	6.0
Other	0.2
Total	33.4

Savings by Programme



Savings - attributed by borough¹

£ million	WCC	H&F	RBKC
Children's Services	2.5	5.3	4.0
Adult Social Care	3.6	5.3	2.1
Libraries	0.4	0.3	0.4
Other		0.1	0.1
TOTAL	6.5	11.0	6.6

¹ Attribution around Environment and Corporate services is being further considered.

Programme	Service Area	Savings £m by 2015/16
Children's Services	Single Management Team	1.1
Children's Services	Single Adoption and Fostering Team	0.2
Children's Services	Single Youth Offending Team	0.6
Children's Services	Single Local Safeguarding Children Board	0.2
Children's Services	Education Services (GF)	2.2
Children's Services	Education Services (DSG)	1.0
Children's Services	Commissioning Staff	1.9
Children's Services	Finance Staff	0.5
Children's Services	Reduced costs from private fostering providers	0.7
Children's Services	Fostering - trading placements	0.2
Children's Services	Combined procurement of supported accommodation for care leavers	0.4
Children's Services	Possible further savings	2.9
Adult Social Care	Commissioning, Finance and In House services	2.9
Adult Social Care	Overheads (training, project management	0.7
Adult Social Care	IT	0.4
Adult Social Care	CLCH Integration - Management	0.2
Adult Social Care	CLCH Integration - Impact on demand	3.8
Adult Social Care	Joint commissioning and support services with GP consortia	1.0
Adult Social Care	Procurement	2.0
Libraries	Single Management Structure	0.3
Libraries	Service Efficiency	0.2
Libraries	Integrated core service	0.6
Environment	Shared Management	1.3
Environment	Services	1.7
Environment	Support	0.3
Corporate	HR	1.2
Corporate	Finance and procurement	2.3
Corporate	Property /Asset Management	0.0
Corporate	Business Intelligence	0.5
Corporate	IT Systems	2.0
None	Chief Executive leadership	0.2
Total		33.5

Nb. The £0.1m savings difference between the high level and detailed summary reflects rounding differences.

3. SUMMARY OF RECOMMENDATIONS

Cabinet is requested to agree the recommendations outlined below which are detailed in appendix 1 to 4 attached to the report.

3.1 Children's Services

- To agree the business case as a basis for moving forward.
- To set up a joint steering group of two Members of each participating Borough to supervise further refinement and implementation of the proposals
- To endorse the financial implications in the Business Case and to include these in the financial planning for each Borough.
- To note that the Royal Borough of Kensington and Chelsea and City of Westminster will appoint Andrew Christie as Designate Director of Children's Services, subject to a final Member interview before 31st December 2011.
- To proceed to formal exchange of documentation between the three boroughs by the end March 2012.
- To refer the proposals for further comment by scrutiny committees and for further formal consultation with the trade unions.

3.2 Adult Social Care

- To agree to appoint across the three boroughs a joint Director of Adult Social Care.
- To set up a joint steering group of two Members of each participating Borough to supervise further refinement and implementation of the proposals
- To agree to continue Local Authority control of budget management ensuring budgetary control remains with the Councils.
- To agree proposals for the establishment of a joint Adult Social Care Commissioning Department including support functions.
- To agree to negotiations with Central London Community Healthcare to establish integrated health and social care services both for assessment and long term support. These services are to be borough specific where appropriate and tailored to local needs and include

gate keeping mechanisms to ensure effective financial and quality control.

- To agree the development of a legal agreement with Central London Community Healthcare ensuring service standards and accountability are clear.
- To agree to the establishment of a single Operational Assistant Director across three boroughs reporting to the Chief Executive of Central London Community Healthcare and the Director of Adults Social Services.
- To refer the proposals for further comment by scrutiny committees and for further formal consultation with the trade unions.

3.3 Libraries Service

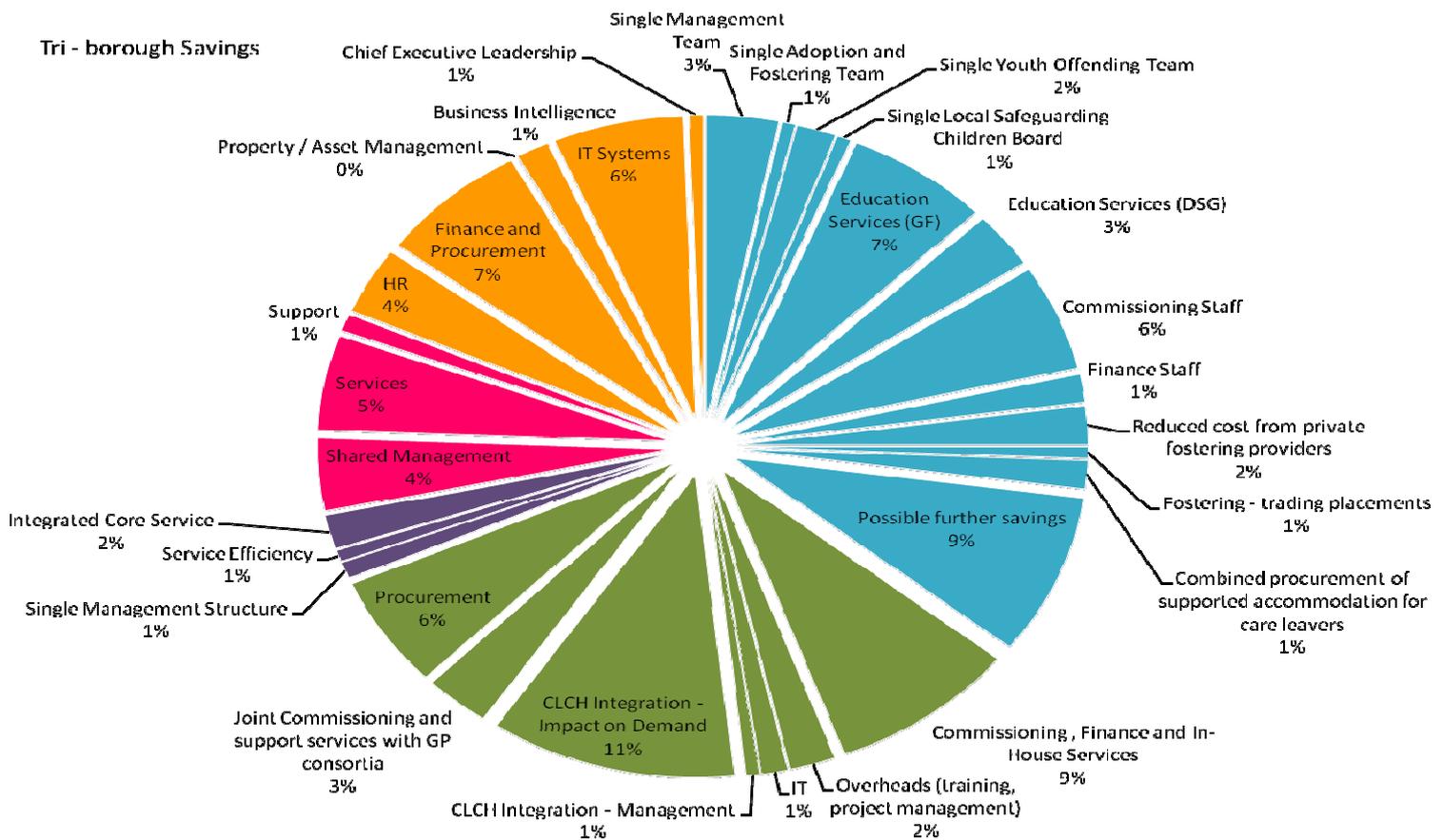
- To note and agree the business case and thereby agree to create an integrated library service across the three boroughs.
- To set up a joint steering group of two Members of each participating Borough to supervise further refinement and implementation of the proposals.
- To note the financial projections in the business case and to incorporate these, as amended and refined at lower levels of detail into the budget planning process for 2012/13.
- To establish and implement a procedure for appointment to the senior management structures to be effective from November 2011.
- To refer the proposals for further comment by scrutiny committees and to authorise formal consultation with trade unions and communication with staff.

3.4 Environment Services

- That each Council's Cabinet should agree these plans as the basis for forward planning and agree to refine them further and begin implementation.
- That subject further to consideration of the timing of staff departures the savings should be incorporated into projected budget plans.
- 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.

- That processes begin to appoint to the proposed revised Chief Officer positions.
- To proceed to a formal exchange of documentation between the Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham by the end of March 2012.
- To refer the plans for further comment by scrutiny committees and for further formal consultation with trade unions.

3.5 To agree to a joint Chief Executive post with Hammersmith and Fulham Council and allow Mr Myers to be interviewed by Hammersmith and Fulham Council on these terms.



4. PROPOSED APPOINTMENT OF JOINT CHIEF EXECUTIVE & HEAD OF PAID SERVICE

- 4.1 Part of the Tri-borough initiative is a proposal to appoint a joint chief executive and head of paid service for the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham. This will serve to strengthen the combined services managerial relationships and minimise the risks of the tri-borough benefits not being fully realised. It will also further reduce the senior management costs of both councils.
- 4.2 The City of Westminster has decided to postpone consideration of this until after the Olympics, but Hammersmith and Fulham and the Royal Borough have agreed to share a Chief Executive post holder from the retirement of Mr Geoff Alltimes, the current incumbent, at Hammersmith and Fulham planned for October 2011. Mr Derek Myers is the current Royal Borough post holder as Town Clerk and Chief Executive. He holds the statutory offices of Head of Paid Service and Electoral Registration Officer.
- 4.3 The proposal is that Mr Myers is interviewed by an Appointments Panel in Hammersmith and Fulham and if approved, is recommended to a full Council meeting in accordance with the Officer Employment Procedure Rules and the relevant regulations. S.113 of the Local Government Act 1972 allows the sharing of officers at any level.
- 4.4 Mr Myers would continue to be employed by the Royal Borough on his current terms and conditions but Hammersmith and Fulham would contribute half of his costs including on costs. A formal agreement will be entered into on similar terms to those already in place in respect of other shared posts with Hammersmith and Fulham. Mr Myers has been consulted on this proposal and agrees it is viable and appropriate.
- 4.5 Some consequential adjustments would be made to the responsibilities of other Chief Officers in Kensington and Chelsea and Hammersmith and Fulham, which will be confirmed in due course. The joint post holder would continue to be responsible for all the staff of both councils including the proposed Tri-borough joint posts of Director of Children's Services and Director of Adult Social Care.
- 4.6 A consequent saving would be made in Hammersmith and Fulham of approximately £120,000. This arrangement will be the first joint Chief Executive post for two unitary councils in England. The arrangement would be subject to review as with other joint posts in recent years, and could be ended with agreed notice by either Council at their discretion. The City of Westminster may wish to keep its current position under

review so if a Tri-borough appointment is proposed, this arrangement will be reviewed at that stage.

5. COMMENTS BY THE EXECUTIVE DIRECTOR FOR FINANCE, INFORMATION SYSTEMS AND PROPERTY

- 5.1 The three Section 151 officers from the three boroughs have reviewed all the business plans in detail and concur with the figures included in those plans as the best now available. Where projections have been made of future savings, the Directors of Finance consider these to have been made on the basis of prudent assumptions, often supported by experience from elsewhere. Where costs of change have been identified, these are considered to be reasonable. Future budget estimates and cost attributions have also been reviewed and the Directors of Finance can confirm consistency and accuracy of the approaches taken and support the methodologies employed.
- 5.2 The Directors of Finance, along with the Chief Executive from Westminster, are also sponsoring the various Corporate Services workstreams, and in particular, the Project Athena Managed Solutions workstream (please see the report elsewhere on this agenda). Project Athena Managed Solutions projects savings of £4 million from 2014/15 rising to £5.9 million in 2015/16.
- 5.3 Taking into account the more thorough analysis of the potential savings in the production of the Project Athena business case, this pushes the potential savings in Finance (part of the Corporate Services savings) up from £1.3 million to £1.8 million. The IT savings figure also needs to be increased by £1.4 million to reflect the corporate IT savings that were at one stage included in the Adult Social Care business case.
- 5.4 Project Athena could deliver across corporate services savings of around £6 million – a significant reduction of the cost base of HR (18%), IT (10%) and Finance (11.5%) services. Substantial additional savings will be sought from both consolidation of the remaining in-house strategic capacity and more widely, for example around accommodation. Initial analysis outlined in the May tri-borough Cabinet report suggests further savings of around £7 million may be achievable, as outlined in the table below. We will work rapidly to draw up plans in more detail, in consultation with portfolio holders.

	2012/13 £m cumulative	2013/14 £m cumulative	2014/15 £m cumulative
Finance	0.0	0.0	**1.8
HR	0.0	0.0	*1.4
IT (excluding business systems)	0.7	0.9	6.4
Property and FM	0.0	2.0	3.0
Legal	0.0	0.0	0.3
Total	0.7	2.9	12.9

* On top of savings of £1 million being delivered in Finance in H&F over 2011/12 and 2012/13, savings of £1.5 million already built into WCC's budget for 2011/12, and £1.082 million savings to be made through Tri-borough Finance savings in Children's and Adult's Services.

** On top of savings of £1.2 million in savings in WCC being delivered in 2010/11 and 2011/12.

6. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

6.1 The legal implications and possible models for shared services have been set out in detail in earlier reports. The proposals will, if adopted, be developed using s.113 of the Local Government Act 1972 (the power to place staff at the disposal of other authorities) and in the case of health bodies, s.75 of the NHS Act 2006. The arrangements will be formalised by an agreement between the Boroughs which will include detailed financial, HR and data sharing protocols and provisions in relation to the sharing of staff, assignment of liabilities, management arrangements, dispute resolution and termination. The sovereignty guarantee will also be enshrined in the agreement. Different agreements will be required for each service although they are expected to be broadly similar.

6.2 As will all Council functions, Cabinet must have due regard to the public sector equality duty ("PSED") now contained in Section 149 of the Equalities Act 2010 Act which provides (so far as relevant) as follows:

(1) A public authority must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(3) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(4) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) tackle prejudice, and

(b) promote understanding.

(5) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

The expanded protected characteristics under the Equality Act are as follows:-

- age;
- disability;
- gender reassignment; pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

6.3 Officers are of the view that the proposals will have no negative impact on protected groups at this stage and indeed the purpose of the

proposals is to protect front line services. Officers are mindful however that the PSED is an on-going duty and due regard will continue to be given to the PSED as proposals are developed and implemented and appropriate action taken.

- 6.4 The job losses that are part of this change will result in staff being put at risk of redundancy. Senior staff intend all redundancy selection decisions to be fair and objective.

Derek Myers
Town Clerk and Chief Executive

Local Government (Access to Information) Act 1985 - background papers used in the preparation of this report: The Tri-Borough proposals report (February and June 2011)

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