

Committee: Joint Regulatory Committee

Date: 30th January 2017

Wards: ALL

Subject: Update on the current negotiations between the Regulatory Services Partnership and the London Borough of Wandsworth

Lead officer: Chris Lee, Director for Environment and Regeneration

Lead member: Cllr Ross Garrod, Cabinet Member for Street Cleanliness and Parking (LB Merton); Cllr Nick Draper, Cabinet Member for Community and Culture (LB Merton - Chair) , Cllr Pamela Fleming, Strategic Cabinet Member for Environment, Business and Community (LB Richmond); Cllr Rita Palmer (LB Richmond)

Contact officer: Paul Foster, Head of the Regulatory Services Partnership

Recommendations:

- A. Members to note and comment on Outline Business Case for an expanded shared Regulatory Service including Merton, Richmond upon Thames and Wandsworth councils.
 - B. Members to endorse the proposal to expand the Regulatory Shared Services partnership to include the London Borough of Wandsworth as a new partner.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report provides an Outline Business Case to expand the Regulatory Shared Services partnership to include the London Borough of Wandsworth as a new partner.
- 1.2. The report also provides a high level plan to implement and transition to the expanded shared regulatory services, dependent on all three councils providing approval to proceed.

2 DETAILS

- 2.1. The proposal to establish a joint staffing structure for regulatory services across the three councils, as part of a fully shared service, is in line with the desire of the councils to forge constructive partnerships to deliver services jointly, in order to reduce costs and preserve or improve service quality. The overarching principles of any new service would include:
 - Greater ability to delivery efficiency cost savings through removing duplications and economies of scale;
 - Increased capacity for income growth by developing specialist and added value services, as well as delivering the essential statutory functions of regulatory services;
 - Redesigned services with increased capacity to better meet changing customer needs, ensuring a more secure, resilient and sustainable service;

- Increased ability for staff to work across different organisations that span from inner to outer London, learn from others, enhancing career opportunities with access to a wider range of specialist professional expertise;
- Provides opportunity to create a shared regulatory service that is able to grow and deliver services on behalf of other organisations

2.2. The high level business case produced by the three boroughs for joint management of a shared services approach for Regulatory Services has recommended that the new service should be:

- ‘Commercially-led with a functional regulatory services’ option which maximises net savings and return on investment whilst offering a resilient structure with the flexibility to respond to emergencies;
- That the service is hosted by one authority (Merton) and all relevant service staff are transferred so as to be under one management structure, so that a formal re-organisation can take place;
- A single body (joint committee) is formed to provide governance and that all regulatory powers are delegated to that body. It should be noted that legal responsibility for licensing would still have to stay with each council as this cannot be delegated.

2.3. Since 2014, the RSP has delivered shared regulatory services on behalf of Merton and Richmond councils. It has been successful to-date, particularly in terms of meeting its agreed objectives, delivering all savings targets to-date, increasing the skill base of and enhancing career opportunities for its staff and achieving greater service resilience particularly at times of major events / incidents.

2.4. The services currently in scope for this project are as follows:

- Trading standards;
- Licensing;
- Environmental Health (Food Safety; Pollution Control including air quality and Noise, Health & Safety at Work).

The services out of scope at the moment are: Private Sector Housing (PSH) and pest control.

2.5. From the initial work carried out in the business case, it is apparent that:

- The different services delivering regulatory services across the three councils have, in general more in common in terms of working practices, focus, and aspirations than they have differences.
- Although the councils have organised their staff in different ways, it appears that, with some local variations, the priorities of the services are very similar. They are all enforcing the same regulations and attempting to achieve the same outcome e.g. a safer environment.
- It is anticipated that service levels and demographics will be different in each borough although these differences can be accommodated in the shared service within a service level agreement (SLA). Any additional

services that are required in the future, in addition to the baseline position, will be accommodated through a 'top-up' to the borough SLAs through the Inter Authority Agreement (IAA).

- 2.6. In order to deliver the savings required of the shared service, there is a need to adopt flexible and mobile working patterns. This way of working has to be supported by the implementation of appropriate shared information and communications technology (ICT) platforms and hand held technology. Without this in place, the potential financial and non-financial benefits will not be fully realised. In the first instance this does not necessarily require investment in mobile technology but this will support efficiency gains in the longer-term. More fundamental to the delivery of the shared service will be:
- A common ICT platform across the expanded shared service; and
 - ICT systems accessible from different locations to enable the establishment of touchdown and contact points.
- 2.7. There is the potential for one-off ICT costs to develop a shared ICT platform which if agreed would be shared between the three boroughs. There is currently an opportunity to bring together the different strands of work currently being undertaken separately by all three councils to upgrade or replace their existing systems.
- 2.8. The accommodation model that naturally follows from the recommended service delivery model and flexible way of working is that of a 'Hub and spoke' arrangement. The majority of back office and support staff would be located within centralised offices, probably at Merton Civic Centre in Morden with local presence of some frontline staff operating in touch down spaces in each of the Boroughs.
- In regulatory services, frontline staff are predominately field based and need to be close to their customer base and minimise travel time.
 - Senior stakeholders, including Councillors have expressed their desire to see some local presence of frontline staff within their boroughs
 - The opportunity cost of office space at Morden is considerably lower than in Wandsworth or Twickenham.
- 2.9. Whilst a service delivery model has been suggested, the extent of the redundancy costs that will be met by each borough will not be known until a detailed organisation structure has been agreed and appointments have been made to the proposed posts.

3 IMPLEMENTATION

- 3.1. If the proposal is approved, the Programme Board, already established, should take responsibility for the delivery of the transition and implementation of the shared service. This work will commence at the point that agreement is given by all three Councils and will provide support to carry out the following tasks:
- a. Develop a detailed implementation plan and provide programme management support;

- b. Establish all of the governance arrangements;
 - c. Develop the Inter Authority Agreement;
 - d. Handle TUPE issues and transfer of staff to the 'host authority';
 - e. Set up all financial arrangements including base cost, recharges and arrangements for sharing of cost savings
- 3.2. The high level implementation plan in the Outline Business Case articulates the roadmap for developing and delivering the Target Operating Model for the shared regulatory service and realising the benefits of change. It is structured around nine distinct work streams:
- 1. HR and Training;
 - 2. Finance;
 - 3. ICT;
 - 4. Data Gathering, Management and Sharing;
 - 5. Assets and Property;
 - 6. Organisational Design / Service Delivery;
 - 7. Policies, Processes and Procedures;
 - 8. Legal and Governance; and
 - 9. Communication, Marketing and Stakeholder Engagement;
- 3.3. Establishing a collaborative service model across three organisations will always be challenging, from technical, cultural and change management perspectives. The proposed plan therefore incorporates a phased approach to implementation that is assumed to be delivered over 9 - 12 months.
- 3.4. The first significant milestone in the implementation will be the development of detailed and costed new organisation structure chart and roles and responsibilities. Once this is drafted, this will enable formal staff consultations to commence.
- 3.5. A phased approach to the implementation will be undertaken commencing with the transition of officers in management positions to their new roles. This initial phase of restructuring will enable a more effective transition process leading up to the transfer date of all other staff. The appointed Head of the Shared Service and management team will be in a position to drive the implementation process through the nine work streams that will run simultaneously throughout the implementation process and will deliver key business changes that are fundamental to the successful delivery of the expanded shared regulatory service.

4 GOVERNANCE

- 4.1. The business case provides an evaluation of a number of service governance options and recommends that a Joint Shared Regulatory Services Committee of elected Councillors be established.

4.2. The Committee would have delegated responsibility for strategic decisions and policy direction across the three boroughs. Key responsibilities would include:

- preparing and agreeing a detailed work programme in accordance with an Approved Business Plan;
- overseeing the implementation of the agreed work programme;
- overall responsibility for monitoring delivery against the Approved Business Plan;
- identifying the need for specific projects or tasks to be undertaken;
- identifying business development opportunities.

4.3. To ensure that the risk is shared proportionally between the three Authorities and that the Host Authority is not unduly advantaged or disadvantaged in the delivery model:

- The expanded shared service will be accountable to the joint committee on which each of the three participating councils will be represented.
- A management board, comprising of senior officers from each of the participating councils oversee operational management of the expanded shared service and support the joint committee in strategic decision making.
- Decisions of the joint committee will be subject to scrutiny by each of the three participating councils.
- It is recommended joint and forward planning (including financial planning) be introduced to inform and manage the work plans and budgets of the shared service. This will allow better resource management of limited resources and members will know when key priorities will be discussed and delivered. It will also enable the joint committee to agree a joint efficiency target with the participating councils rather than trying to react to individual council targets.
- Regulatory services will be delivered by the host employing authority on behalf of the three participating authorities under the terms of an Inter Authority (Collaboration) Agreement between them.
- Licensing decisions and decisions to proceed with legal action will remain the responsibility of the relevant sovereign participating Council as required by statute.

4.4. A Scheme of Delegation should be drawn up and the appropriate changes made to the Councils' Constitutions.

5 INTER AUTHORITY COLLABORATION AGREEMENT

5.1. If the Councils decide to proceed with the proposal it will be necessary for the Councils to conclude a formal agreement, sometimes referred to as an Inter Authority Collaboration Agreement. This agreement will specify how the three boroughs will work together and will define the appropriate service levels for their respective boroughs.

- 5.2. The key terms of such an agreement are likely to include:
- the extent of the matters to be delegated to the Joint Committee, and any delegations to officers in the shared service;
 - the constitutional set up of the Joint Committee and its terms of reference;
 - which Council is to be the Host Authority, detail the services to be provided by the Host Authority and what indemnities the Host would seek from the other authorities in respect of carrying out its role;
 - The governance and performance management arrangements including how the councils' scrutiny and audit functions interact with these arrangements;
 - the terms of reference and membership of the Officer Management Board;
 - The duration of the agreement and the termination and exit provisions;
 - the structure of the shared service, staffing proposals and pensions
 - the financial management arrangements including joint and forward financial planning and how these integrate with the councils' budget planning processes;
 - how costs are to be shared amongst the authorities (the cost allocation methodology);
 - The scope and specification of the services delivered and flexibility to absorb any variations between the three councils in meeting local priorities and requirements;
 - provision to address matters such as disputes, variations, data protection and freedom of information;
 - Arrangements for how other boroughs are able to join the shared service

6 ALTERNATIVE OPTIONS

- 6.1. Wandsworth decides not to join the RSP and continue to deliver Regulatory Services to its residents and businesses.
- 6.2. Wandsworth decides to commission the service from a different organisation.
- 6.3. Wandsworth decides not to join the RSP and collaborates with Richmond to create an alternative shared service.

7 CONSULTATION UNDERTAKEN OR PROPOSED

- 7.1. A range of senior stakeholders were engaged with and provided valuable input during the investigative and design phases of the programme.
- 7.2. Staff and Unions will be fully consulted on any proposed changes to roles, responsibilities, reporting lines or any aspect of their terms and conditions.

- 7.3. Officers and Members will be consulted on any proposed changes to the Collaboration Agreement.
- 7.4. The Equality Act 2010 requires that the Council when exercising its functions must have “due regard” to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. As such an Equalities Impact Assessment (EIA) has been undertaken on the proposals to develop a shared regulatory service. This EIA is attached as an Appendix to this report. This EIA found that there will be no adverse impact on residents and local businesses as a result of the proposals as the arrangements that will be in place will enable the Council to retain its ability to deliver local solutions for them. EIAs will be conducted at each stage of the development of the shared regulatory service.

8 TIMETABLE

- 8.1. The development, agreement and formal approval of the Business Case is targeted for completion by last quarter of 2016/17.
- 8.2. Should Wandsworth decide to join the RSP, the implementation of the agreed arrangements (including formal consultation with staff and Unions) will be carried out during 2017/18.

9 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 9.1. All three councils are facing significant reductions in central Government funding over the next few years. It is therefore essential that the Councils review all possible areas to see where expenditure reductions can be met.
- 9.2. An initial high level financial modelling indicates that the creation of an expanded shared service can be expected to deliver in total up to £980 thousand net annual savings by year 3. Depending on the cost allocation model agreed, this will result in efficiency savings of up to £290 thousand per year for both Merton and Richmond upon Thames. Further detailed work is required to develop, agree and cost the new organisational structure as well as validating the assumptions made.
- 9.3. In order to deliver these efficiencies, there will need to be an initial investment in the service to cover the costs of new ICT and mobile working systems, legal services, programme and transition management and potential redundancies.
- 9.4. The business case provides an evaluation of a number of cost allocation methodologies that could be applied to a shared service. It recommends that a budgeted rate mechanism be implemented based on a hybrid service line allocation that reflects the distribution of use of these services by each shared service partner.
- 9.5. If a borough wanted to include a level of service over and above the agreed base level that could be dealt with by a top up from that Borough and built into the relevant service level agreements. The same principles would apply if a borough wanted to reduce the level of service provision.

- 9.6. It is proposed that the shared service functions would be delivered from a mix of customer-facing "satellite" offices located in each council area and from a centrally located office, probably at Merton Civic Centre. The 'satellite' locations will be established at Wandsworth and Richmond to provide customer-facing services on a local basis and also to provide work spaces for employees of the shared service to work from. Additional office accommodation will be required at Merton Civic Centre for the central team of officers who will manage and administrate the shared service.
- 9.7. Changes in working practices enabled by ICT investment will reduce the overall requirement for office accommodation for the service over time.

10 LEGAL AND STATUTORY IMPLICATIONS

- 10.1. If Wandsworth do decide to join the RSP:
- a. The proposed arrangements will need to be approved by all three councils and the appropriate committee papers are currently being drafted;
 - b. Wandsworth will need to delegate its regulatory services powers to Merton and the joint committee;
 - c. Wandsworth will need to nominate members to join the joint committee;
 - d. A new Collaboration Agreement will need to be drafted and signed by all three Boroughs;
 - e. Affected staff will be subject of TUPE to Merton as the Host Authority

11 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 11.1. There are important human resource and employment relation implications associated with the implementation of the expanded shared regulatory service. This will require a clear communication and engagement strategy with staff and trade unions from across the three local authorities.
- 11.2. The proposals are based on an exercise that will involve the initial transfer of Wandsworth employees to the host employer (Merton Council) under the provisions of a TUPE like transfer. This will provide the opportunity for a new service to be built around the skills and expertise of a combined workforce. The contractual terms and conditions of staff will be protected at the point of transfer under the provisions of TUPE.
- 11.3. The ongoing benefits of the new shared service will then be realised through the remodelling of the service as a result of a management of change exercise. The proposed new service model will provide the platform for a more resilient service going forward whilst being better able to accommodate the reduction in staffing levels that will be needed by the individual authorities in the absence of this collaborative project.
- 11.4. The consultation requirements as part of the initial transfer are set out in the TUPE Regulations and will need to be undertaken by both the transferor authority and the transferee 'host' authority. The consultation process in relation to the remodelling exercise will be based on good practice 'management of change' principles and will adhere to prescribed

legal requirements (in relation to any potential redundancies). Staff will be consulted on the changes proposed and opportunities provided to apply for positions within the new structure, as part of the restructuring process and to retain necessary skills and experience.

12 CRIME AND DISORDER IMPLICATIONS

12.1. None for the purposes of this report

13 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

13.1. None for the purposes of this report

14 APPENDICES

14.1. Equality Impact Analysis

15 BACKGROUND PAPERS

Exempt - Outline Business Case v1.0

Equality Analysis



E&R 14 – Further expansion of the service

What are the proposals being assessed?	E&R 14 – Further expansion of the service
Which Department/ Division has the responsibility for this?	Environment & Regeneration – Public Protection Division

Stage 1: Overview

Name and job title of lead officer	Paul Foster, Head of the Regulatory Services Partnership
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	To expand the current shared regulatory service to reduce costs, increase resilience and share expertise.
2. How does this contribute to the council's corporate priorities?	Improved efficiency and income maximisation, the promotion of partnership working.
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Staff, service users, stakeholders and existing and future partners.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	The Regulatory Services Partnership currently shares its service with the London Borough of Richmond and we are currently in negotiations with the LB Wandsworth who are interested in joining the partnership.

Stage 2: Collecting evidence/ data

5. What evidence have you considered as part of this assessment?

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

We have co-funded an interim project manager to assess the business case of LB Wandsworth joining the partnership.

Stage 3: Assessing impact and analysis

6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?

Protected characteristic (equality group)	Tick which applies Positive impact		Tick which applies Potential negative impact		Reason Briefly explain what positive or negative impact has been identified
	Yes	No	Yes	No	
	Age		✓		
Disability		✓		✓	
Gender Reassignment		✓		✓	
Marriage and Civil Partnership		✓		✓	
Pregnancy and Maternity		✓		✓	
Race		✓		✓	
Religion/ belief		✓		✓	
Sex (Gender)		✓		✓	
Sexual orientation		✓		✓	
Socio-economic status		✓		✓	

7. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?
Not applicable						
Not applicable						
Not applicable						

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 4: Conclusion of the Equality Analysis

8. Which of the following statements best describe the outcome of the EA (Tick one box only)

Please refer to the guidance for carrying out Equality Impact Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

OUTCOME 1

OUTCOME 2

OUTCOME 3

OUTCOME 4

Stage 5: Sign off by Director/ Head of Service

Stage 5: Sign off by Director/ Head of Service

Assessment completed by	Paul Foster, Head of the Regulatory Services Partnership	Signature: <i>Paul Foster</i>	Date: 21/11/2016
Improvement action plan signed off by Director/ Head of Service	John Hill, Assistant Director, Public Protection Division	Signature:	Date:

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