

## **Committee: Cabinet**

**Date: 3<sup>rd</sup> July 2017**

Agenda item:

Wards:

### **Subject: Admission of the London Borough of Wandsworth into the shared Regulatory Services Partnership**

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Cllr Ross Garrod, Cabinet Member for Street Cleanliness and Parking; Cllr Nick Draper, Cabinet Member for Community and Culture

Forward Plan reference number:

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

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#### **Recommendations:**

- A. That Cabinet approves the decision to accept London Borough of Wandsworth as a new partner in the Regulatory Services Partnership;
  - B. That Cabinet agrees to the proposed change to the 'agreed services' as defined in the Collaboration Agreement to incorporate private sector housing and pest control treatment services, initially just for Wandsworth;
  - C. That Cabinet agrees to delegate authority to the Director of Environment and Regeneration, in consultation with the Cabinet Member for Street Cleanliness and Parking and Cabinet Member for Community and Culture:
    - i. to negotiate and agree the terms under which Wandsworth would join the existing shared regulatory service and the changes that would be required to the existing joint committee arrangement and collaboration agreement between Merton and Richmond;
    - ii. to progress implementation of the expanded shared Regulatory Service in line with the changes agreed.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. This report presents the Outline Business Case to expand the Regulatory Shared Services partnership to include the London Borough of Wandsworth as a new partner.
- 1.2. This report seeks Cabinet approval to accept London Borough of Wandsworth as a new partner in the Regulatory Services Partnership.
- 1.3. This report also seeks Cabinet approval for officers, in conjunction with the Portfolio Holder, to be given delegated authority to progress the finalisation and implementation of the expanded shared regulatory service.

## **2 DETAILS**

- 2.1. Since 2014, the shared regulatory service (Regulatory Services Partnership – RSP) has delivered shared regulatory services<sup>1</sup> on behalf of Merton and Richmond councils. It has been successful to-date, particularly in terms of meeting its agreed objectives, delivering efficiencies (about 24% savings achieved since 2014), increasing the skill base of and enhancing career opportunities for its staff and achieving greater service resilience particularly at times of major events/incidents such as Wimbledon Tennis Championships and the Rugby World Cup.
- 2.2. Wandsworth Regulatory Services are located within the Public Health Division of the Chief Executive's Group. It is currently provided as an in-house service, combining residential and commercial regulatory services, as well as private sector housing and pest control services. The service employs 46.7 FTEs (excluding Private Sector Housing & Pest Control but including the Head of Environmental Services and Strategic Business Management). The current service structure was established during 2015/16 following a re-organisation that delivered substantial savings (total savings 2013 to date equate to over £1.2m).
- 2.3. On 1<sup>st</sup> October 2016, Wandsworth and Richmond councils established a shared staffing arrangement and at the same time, approached Merton with a view to joining the shared regulatory service.
- 2.4. Since that time, Wandsworth officers have been attending, solely in an observatory capacity, regular meetings of the RSP Programme / Management Board. In addition, the Wandsworth Cabinet Member for Community Services, Councillor Jonathan Cook, has also attended, again in an observatory capacity, meetings of the Joint Regulatory Committee.
- 2.5. An interim project manager has been appointed and jointly funded by the three boroughs to develop a business case for Wandsworth joining the RSP. An Outline Business Case has already been produced and submitted to Members in Merton, Richmond and Wandsworth for their consideration. Should Members agree to Wandsworth joining the partnership it is likely that the tri-borough service would go live in April 2018.
- 2.6. The business case recommends that it would be advantageous to all three boroughs if Wandsworth joined the Partnership. The principal benefits are seen as:
  - a. Greater ability to deliver efficiency cost savings through removing duplications and economies of scale (through the rationalisation of administrative and support functions, streamlining of management and sharing of specialist resources);
  - b. increased capacity for income growth by developing specialist and added value services (such as financial investigations and a license processing centre), as well as delivering the essential statutory functions of regulatory services;

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<sup>1</sup> Environmental Health (Food Safety; Pollution Control including air quality and Noise, Health & Safety at Work), Trading Standards & Licensing

- c. the enhancement of the existing structure with a specialist commercial services arm;
  - d. redesigned services with increased capacity to better meet changing customer needs, ensuring a more secure, resilient and sustainable service (this in practice means services evolving and adapting to changes in demographics, estate regeneration challenges, increasing use of the internet for business transactions and international supply chains);
  - e. increased ability for staff to work across different organisations that span from inner to outer London, and to learn from others, enhancing career opportunities with access to a wider range of specialist professional expertise; and,
  - f. the opportunity to create a shared regulatory service that is able to grow and deliver services on behalf of other organisations. The existing 'two-council' RSP has already been contacted by several other councils to explore this option, or to consider replicating the model themselves.
- 2.7. The business case has evaluated numerous service delivery models and, as a result, the RSP Programme Board recommends –
- a. That Wandsworth and the RSP join together;
  - b. that the expanded shared service should be 'Commercially-led with a functional regulatory services option'. This incorporates a core regulatory service, organised by professional disciplines, enhanced by a separate small commercial income generation service that is scalable dependent on success in growing income. This model would maximise the potential for income generation and therefore net savings and return on investment, whilst offering a resilient structure with the flexibility to respond to emergencies; and
  - c. that the service should be hosted by Merton Council (who originally conceived the existing RSP) and consequently that all relevant service staff should be transferred so as to be under one management structure.
- 2.8. The services currently in scope for this project are as follows:
- Trading standards;
  - Licensing;
  - Environmental Health (Food Standards & Safety; Pollution Control (which includes air quality, noise & nuisance, contaminated land); and Health & Safety).
- 2.9. Private Sector Housing and Pest Control were originally excluded from the scope, as these services are not currently provided by the RSP. However, Wandsworth have expressed a strong desire to include these within the RSP. It is therefore recommended that these services be transferred into the RSP and initially just provide services to and be fully funded by Wandsworth.
- 2.10. From the initial scoping work, it is apparent that:

- In general, the different services delivering regulatory services across the three Councils have more in common in terms of working practices, focus, and aspirations than they have differences; this includes scope of services covered, numbers of staff employed and size of annual budgets;
- although the Councils have organised their staff in different ways, it appears that, with some local variations, the priorities of the Councils' services are very similar; they are, of course, all enforcing the same Regulations and attempting to achieve the same outcome, e.g. protecting residents, businesses and visitors through ensuring a safer environment; and,
- it is known that service levels and demographics are different in each borough although these differences are accommodated currently in the RSP within a service level agreement (SLA). Any additional services that are required in the future, in addition to the baseline position, could be accommodated through a 'top-up' to the Council SLAs through an Inter Authority Agreement (IAA).

2.11. In order to deliver the most efficient method of working, there is a need to adopt flexible and mobile working patterns. This way of working has to be supported by investment in 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. Fundamental to the delivery of the shared service would be:

- a. A common ICT platform across the expanded shared service; and
- b. ICT systems accessible from different locations to enable the establishment of touchdown and contact points.

2.12. The accommodation model that 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 front-line staff operating in touchdown spaces in each of the Boroughs. This is how it currently works for the existing RSP. In regulatory services, frontline staff are predominately field based and need to be close to their customer base and minimise travel time.

### **3 IMPLEMENTATION**

3.1. If the proposal is approved the Programme Board, already established, will take responsibility for the delivery of the transition and the 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 / update the existing Inter Authority Collaboration Agreement;
  - d. Handle TUPE issues and the transfer of staff to the 'host authority';
  - e. Set up all financial arrangements including base cost, recharges and arrangements for the 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. Human Resources (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 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 6 - 8 months.
- 3.4. The first significant milestone 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 the management team will be in a position to drive the implementation process through whilst nine work streams that will run simultaneously throughout the implementation process will deliver key business changes that are fundamental to the successful delivery of the expanded shared regulatory service.

#### **4 GOVERNANCE**

- 4.1. The existing shared arrangements between Merton and Richmond Councils include an officer-level Management Board and a Member-level Joint Regulatory Committee with two Members from each Council.
- 4.2. The business case provides an evaluation of a number of service governance options. It recommends that an officer-level Management Board and a Member-level Joint Committee, (largely replicating what

currently exists), be adopted for an expanded shared regulatory service should Wandsworth Council decide to join partnership, subject to any changes that Wandsworth Council may propose and if agreed by the existing partner Councils.

4.3. To ensure that the risk is shared proportionally between the three Councils and that the host Authority, Merton 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 is represented;
- A management board, comprising of senior officers from each of the participating councils would oversee operational management of the shared service and support the joint committee in strategic decision making;
- Clear communications channels be established between the joint committee and each of the participating councils;
- Decisions of the joint committee will be subject to scrutiny by each of the three participating councils; these could include any decision that the JRC is able to make (except for the agreed 'reserved matters' as stated in the Collaboration Agreement);
- It is recommended that 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 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 would 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. The existing inter authority collaboration agreement will be updated stating 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. This is the 'no change' option in the business case and does not provide the level of financial (and non-financial) benefits as the other options.
- 6.2. Wandsworth decides to commission the service from a different organisation. This was outside the scope of the programme and has not been explored any further.
- 6.3. Wandsworth decides not to join the RSP and collaborates with Richmond to create an alternative shared service. This option was also considered in the business case and it does not provide the level of financial (and non-financial) benefits as the other options.

## **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. Existing Managers from the RSP and Wandsworth have been engaged in developing the management organisation structure for the expanded shared service.
- 7.3. Staff and Unions will be fully consulted on any proposed changes to roles, responsibilities, reporting lines or any aspect of their terms and conditions.

7.4. Officers and Members will be consulted on any proposed changes to the Collaboration Agreement.

7.5. An initial Equality Impact Assessment has been undertaken to ascertain the impact of proposed changes to current service delivery.

## **8 TIMETABLE**

8.1. The development, agreement and formal approval of the Business Case is targeted for completion during second quarter of 2017/18.

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 the third and fourth quarters of 2017/18 with the expanded shared service to be operational by 1 April 2018.

## **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 opportunities for the generation of management efficiencies and additional income streams. Depending on the cost allocation model agreed, this should enable Merton to meet its existing RSP income growth target of £240 thousand per year. Further detailed work is required to develop, agree and cost the new organisational structure as well as validating the assumptions made.

9.3. There will need to be clear approved service level agreements for each borough, outlining the service requirements. If a borough wanted to increase a level of service over and above the agreed base level or reduce the level of service provision, this will be reflected in the relevant service level agreements and appropriate funding mechanism laid out.

## **10 LEGAL AND STATUTORY IMPLICATIONS**

10.1. If Wandsworth do decide the join the RSP:

a. the proposed governance arrangements will need to be approved by the full Councils of all three boroughs;

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 agreed 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. TUPE is likely to be considered to be applicable to this shared services proposal; Wandsworth staff will be subject of TUPE to the host borough. Staff have been extensively engaged and 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. The RSP will be doubling in size and enhancing its commercial capabilities. Therefore, governance, organisational structures, ICT and business processes are being reviewed. It is inevitable that there will be a certain level of disruption to services whilst revised arrangements are being put in place. An impact assessment has been carried out to identify the associated risks, with headlines being:

13.1.1 Many of the identified savings are dependent on efficiency improvements from investment in new technology, changes in working practices and the streamlining of business processes. This will require some up-front investment of resource and staff time, and work to ensure compatibility of systems.

13.1.2 The proposed growth in income is dependent on a number of factors including customer demand and willingness to pay, staff capacity to deliver a growth in service supply, and the availability of and investment into the required commercial skills and competencies. Further market analysis will be required, together with a review of governance models and cost allocation methodologies to ensure any growth in proceeds is appropriately allocated between the partners.

13.1.3 There is the potential for a short-term increase in staff turnover as new staffing structures are implemented in the merged Partnership. This could result in the temporary loss of key skills and experience and staffing capacity.

13.2. None of the identified risks are believed to be insurmountable and with careful planning and robust risk management, it should be possible to minimise their potential impact.

## **14 APPENDICES**

14.1. Appendix 1: Equality Analysis

## **15 BACKGROUND PAPERS**

Outline Business Case v1.1

# Appendix 1: 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 |

| <b>Stage 1: Overview</b>  |   |
|---|---|
| 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<br>(equality group) | Tick which applies<br>Positive impact |    | Tick which applies<br>Potential<br>negative impact |    | Reason<br>Briefly explain what positive or negative impact has been identified |
|--|---------------------------------------|----|--|----|--|
|  | Yes                                   | No | Yes  | No |  |
|  | <b>Age</b>                            |    | ✓  |    |  |
| <b>Disability</b>                            |                                       | ✓  |  | ✓  |  |
| <b>Gender Reassignment</b>                   |                                       | ✓  |  | ✓  |  |
| <b>Marriage and Civil Partnership</b>        |                                       | ✓  |  | ✓  |  |
| <b>Pregnancy and Maternity</b>               |                                       | ✓  |  | ✓  |  |
| <b>Race</b>                                  |                                       | ✓  |  | ✓  |  |
| <b>Religion/ belief</b>                      |                                       | ✓  |  | ✓  |  |
| <b>Sex (Gender)</b>                          |                                       | ✓  |  | ✓  |  |
| <b>Sexual orientation</b>                    |                                       | ✓  |  | ✓  |  |
| <b>Socio-economic status</b>                 |                                       | ✓  |  | ✓  |  |

## 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**

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

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