

28 November 2012		ITEM: 11
Council		
JOINT MANAGEMENT		
Report of: Cllr John Kent, Leader of the Council		
Wards and communities affected: All	Key Decision: Non-key	
Accountable Head of Service: Graham Farrant, Chief Executive		
Accountable Director: Graham Farrant, Chief Executive		
This report is public.		
Purpose of Report: To update the Council on joint management arrangements.		

EXECUTIVE SUMMARY

Officers have been considering the potential for joint management between Thurrock Council and the London Borough of Barking and Dagenham. This report sets out a process for moving forward on some aspects of joint management in order to make significant revenue savings for both Councils.

The steps outlined will enable the benefits of joint management to be tested and will provide Members with information about the advantages and disadvantages, and the savings to be achieved, before further proposals are developed.

This report also confirms the Governance Guarantee that provides Members with a high degree of comfort about the continued separation of governance structures and budgets.

1. RECOMMENDATIONS:

- 1.1 To continue the shared legal services structure and the joint role of Head of Legal Services and Monitoring Officer between Thurrock Council and the London Borough of Barking and Dagenham.**
- 1.2 That officers should continue to develop options for both joint management and shared services between Thurrock Council and the London Borough of Barking and Dagenham to save at least £1m across both Councils.**
- 1.3 That officers should continue to explore options for shared services with other councils as is most appropriate for each service.**

1.4 That the Governance Guarantee be adopted for all joint management and shared services agreements.

2. INTRODUCTION AND BACKGROUND:

2.1 In July it was agreed that the Chief Executive of Thurrock Council would act as Chief Executive of Barking and Dagenham Council on an interim basis and that further opportunities for joint management would be explored. This was intended to demonstrate the possibilities and options of building on the existing shared Legal Services and Monitoring Officer between the two Councils. Since then senior managers have been considering the opportunities and savings that might be derived from joint management.

2.2 The Chief Executive has concluded that significant savings can be made within the senior management structures of both Councils through joint management and that there are some short term opportunities that should be taken to drive savings and efficiencies through the management of the two Councils. These opportunities are set out in more detail in this report and the specific aspects will now be worked up into more detailed business cases for consideration by the Cabinet of each Council.

2.3 This report sets out an overview of the options for joint management or shared services that the Council has available to reduce costs and spread the senior management overhead costs more broadly across services.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

3.1 Thurrock Council currently has a number of shared services in place with a range of partners, including a shared Director of Public Health with Southend, use of Birmingham's 'loan-shark' services within the Trading Standards service, shared GIS with Southend, shared passenger transport support with Essex and the joint Legal Service and Monitoring Officer with Barking and Dagenham.

3.2 The opportunities to make savings amongst senior managers are limited due to the range of services that the council provides, unless the roles of each senior manager are broadened to include a number of services that are not within the professional experience of most directors. This has been the structure that this council, and most others, have adopted in the past, with the significant disadvantage that the professional expertise needs to be provided by increasingly senior Heads of Service, or Service Directors under the direction of "strategic directors" which is a more expensive structure overall.

3.3 Given the reduction in services that are being required to meet the financial reductions being imposed on local government, it is more appropriate to consider sharing managers geographically in order to maintain the professional expertise that is required. Therefore officers have been actively exploring the opportunities for joint management that are available through working with the London Borough of Barking and Dagenham.

- 3.4 Initial discussions have been held regarding joint management and shared services with other councils, but given that Thurrock is surrounded by district councils and given the differences between our community characteristics and those of our neighbouring councils, including Essex as a county council, the options are limited and the likely savings that could be available would be significantly lower.
- 3.5 There are now a wide range of joint management arrangements between councils across the country, although most are between district councils. There is one top-tier sharing of a senior management team which is well underway between The Royal Borough of Kensington and Chelsea, the London Borough of Hammersmith and Fulham and the City of Westminster. Those joint management arrangements have progressed into a range of shared services, although the overall arrangements are not as simple as having a single management team running all three councils. Some of the district arrangements are between councils with opposing political administrations and some do not have shared geographical boundaries, neither of which creates insurmountable problems.
- 3.6 It is important to differentiate between “joint management” and “shared services”. Joint management is where a manager is jointly appointed at two or more councils to oversee services and to provide management and direction within the existing separate governance frameworks. Shared services describes the delivery of a single service to two or more councils. Most councils now have a range of shared services in place with a range of partners. This generally achieves efficiencies and cost reduction through increasing scale. However it does not address the issue of spreading management overhead costs which joint management is intended to address.

4. INITIAL STEPS IN JOINT MANAGEMENT AND SHARED SERVICES

- 4.1 Having spent the last four months reviewing the options and discussing the potential with officers and members it is clear that we now need to take a decision in order to re-stabilise the senior management group in both councils and to enable savings to be delivered within the 2013/14 revenue budget, either through joint management and some shared services, or by alternative service cuts if necessary.
- 4.2 Officers have explored a range of options, working with members, to develop an acceptable model for joint management. It is proposed that we utilise existing opportunities and vacancies at senior management level to bring together the management of the two councils in order to deliver financial savings. There are minimal costs of change at a senior level given the use of existing opportunities, although efficiency savings through merging services as set out below will incur some costs of change, as with all other reductions. However these will be assessed and reported to the Cabinet prior to any specific decision being implemented, in the usual way.

- 4.3 Significant savings can be identified through jointly managing the central strategic and regeneration services as follows:
- 4.3.1 Continuation of joint Head of Legal Services and Monitoring Officer – with additional costs of approximately £100,000 to be shared if the two councils were to decide to separate these arrangements, and a reduction in service quality.
 - 4.3.2 On-going shared Chief Executive – saving approximately £200,000 per year, including executive support, to be shared between the two councils equally.
 - 4.3.3 Central Policy Performance and Communications Team – savings of up to £350,000 through reducing the central Policy, Performance and Communications teams to a core minimum with those teams serving both councils equally.
 - 4.3.4 Central Finance Functions – savings of approximately £400,000 between the two councils due to the potential to delete the LBBB Director of Finance function and to have two separate core finance teams working alongside each other with a range of shared services including insurance and treasury management.
 - 4.3.5 Organisational Development and Training, by developing a single organisational development programme, common internal values and by a single co-ordinated programme of professional development for social care staff – savings of a least £150,000 can be identified.
 - 4.3.6 There are also two senior management vacancies that are currently forecast which can be cut under joint management arrangements with the benefits being shared between the two councils.
- 4.4 Overall these savings total over £1m to be shared between the two Councils. Further savings of up to £2m are expected to be identified as the review of joint management proceeds and as the structure continues to develop. Further opportunities for efficiencies through joint management and shared services will be identified.
- 4.5 **Governance Guarantee** – The Governance Guarantee set out in Appendix 1 is recommended to be adopted by the Council for all joint management and shared service arrangements. This will ensure that any fears of loss of control by Members will be prevented and that the governance of the Council will not be diminished or diluted by the use of joint management or the implementation of any further shared services.
- 4.6 **Exit Arrangements** – Exit arrangements will need to be developed for each agreement that is reached, including an appropriate notice period should either council wish to terminate a specific shared service or joint management

arrangement. These exit arrangements will be specified within each business case when it is brought to the Cabinet for decision.

5. REASONS FOR RECOMMENDATION:

- 5.1 The recommendations will enable further work to be carried out on joint management and formal proposals to be brought forward to the Cabinet.

6. CONSULTATION (including Overview and Scrutiny, if applicable)

- 6.1 There has been regular and ongoing dialogue with senior managers, informal staff groups and members. Formal staff consultation will be carried out on each specific business case after approval by the Cabinet, when they are brought forward.

7. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 7.1 The proposal is intended to support the delivery of corporate priorities.

8. IMPLICATIONS

8.1 Financial

Implications verified by: **Mike Jones**
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mjones@thurrock.gov.uk

The financial implications of each stage of the process of moving towards shared or merged services will need to be considered at the appropriate point. Any savings which arise as a result of the proposal will be considered as part of the Council's Medium Term Financial Strategy.

8.2 Legal

Implications verified by: **David Lawson**
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There are no direct legal implications at this stage.

8.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
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The Equality Act 2010 places a statutory duty on the local authority to give due regard with respects to equality in terms of functions and activities performed by the Council. The governance arrangements set out in Section 6

set out a framework to ensure that elected members will be fully engaged in any proposals which are adopted for the sharing of services, and this will provide a mechanism for review of any equality impact.

The duties set out under the Equality Act also make provisions for employment and other work situations. These requirements will be important in any recruitment process; in particular, there will need to be consideration of each Council's corporate employment and equalities policies. The business cases referred to in this report may result in the redeployment of staff resources between both councils and any recruitment process will be open and transparent and should give confidence that the equalities dimensions are being taken fully into account.

8.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

There are no other implications at this stage.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

APPENDICES TO THIS REPORT:

- Appendix 1 – Governance Guarantee

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Appendix 1

Thurrock Council

London Borough of Barking & Dagenham

A Governance Guarantee

Objectives:

The two councils are committed to continuing to representing the needs, priorities and ambitions of local people in their communities.

We are exploring ways of reducing costs and strengthening our capacity by working together and identifying areas of common interest.

Commissioning or delivering services together is specifically designed to not change how residents receive and experience services unless there is an advantage to do so.

To safeguard local autonomy the Councils confirm the following ten-point governance guarantee:

1. Local residents will continue to elect the same number of councillors to each Council and there will be no change in the name or governance structure of any of the Councils, other than to effect joint decision-making.
2. Each Council will retain its own constitution, setting out how it makes decisions, organises scrutiny and delegates authority.
3. The boundaries of the areas for each Council will not change.
4. Each Council will continue to set its own Council Tax and publish its own budget and accounts.
5. Each Council will continue to spend its own money to support its local communities.
6. Each Council will continue to be able to set its own spending priorities and its own policies on how services are delivered. The Councils may jointly commission some services from contractors, voluntary bodies and others, but can also decide to commission, or grant aid, on their own.
7. Neither Council can be 'out-voted' by the other Council in a way which requires that Council to make any decision such as adopt a policy, accept a cost or change a priority that its decision makers are not willing to support.
8. The costs of changes and the benefits achieved from change will be fairly attributed and shared to the satisfaction of both Councils.
9. No Council will be obliged to break an existing contract.
10. Each Council will continue to speak up for its own residents, even when there is an apparent conflict of interest between the boroughs.