

WYRE FOREST DISTRICT COUNCIL

CABINET
TUESDAY 19TH JANUARY 2010

Worcestershire Enhanced Two Tier Working – Regulatory Services

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEMES:	Economic success shared by all A better environment for today and tomorrow Improving health and well-being
CORPORATE PLAN AIM:	A Well Run and Responsive Council
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APPENDICES:	Appendix A: Regulatory Services Detailed Business Case Executive Summary Appendix B: WETT Programme Business Case Time Line Appendix C: Regulatory Services' Proposed Partner Cash Flow Forecast Appendix D: Summary of consultation responses Appendix E: Project team's commentary on joint response from unions and staff

1. PURPOSE OF REPORT

- 1.1 To support the implementation of shared services for Regulatory Services from June 2010.

2. RECOMMENDATIONS

The Cabinet is asked to **DECIDE:**

- 2.1 to include the WETT proposals for shared regulatory services as part of its final budget proposals that will be agreed at its meeting in February;
- 2.2 to delegate to the Leader of the Council the Cabinet's power to agree to appointments to joint committees under regulation 11(3B) of the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2000.

Agenda Item No. 7.2

The Cabinet is asked to **RECOMMEND** to the Council that:

- 2.3 **A unified Regulatory Service for the seven principal councils in Worcestershire, hosted by Bromsgrove District Council, is established from 1st June, 2010 under the auspices of a Joint Committee;**
- 2.4 **Subject to the recommendation in paragraph 2.3 being agreed and the unified Regulatory Service being centralised, relevant employees from the Council's Planning and Regulatory Services Directorate be transferred under the principles and procedures of TUPE to Bromsgrove District Council.**
- 2.5 **The Chief Executive be given delegated authority, in consultation with the Leader of the Council and Group Leaders, to appoint the council's representative on the joint appointments committee that will handle the appointment of the head of the shared service; and to appoint the member(s) on the joint committee that will oversee the shared service.**

3. BACKGROUND

- 3.1 The Worcestershire Enhanced Two Tier (WETT) programme was created during 2009. This followed the successful bid by the Worcestershire Councils for £350k of funding made available by the Improvement & Efficiency Partnership (IEP), West Midlands. The funding was provided specifically to support the development of two tier, shared working within the region.
- 3.2 During 2009 Officer teams representing all of the Worcestershire Councils have worked together to produce a number of proposals for two tier, joint working which include key community facing and support service areas e.g. Regulatory Services, Street Scene, Human Resources and Property Services.
- 3.3 **High Level Detailed Business Cases were produced in May supporting proposals relating to ten service areas and the Worcestershire Leaders and Chief Executives panel supported the prioritised development of three of these into Detailed Business Cases (internal audit, building maintenance and regulatory services).** Of the three areas, Wyre Forest District Council is considering joining only the shared service for Regulatory Services at this stage.
- 3.4 Stakeholder groups such as the County Treasurers and HR Managers have been involved at key stages in challenging and validating the Detailed Business Cases. A Programme Management Group comprising of senior managers from all seven Worcestershire Councils has directly supported the development process.
- 3.5 The Detailed Business Cases were presented to the Worcestershire Chief Executives' & Council Leaders' Panel during November 2009. Agreement was reached by the participating Partners for each of the three Detailed Business Cases to be taken forward for consideration by the respective Cabinets and Councils during December to February.
- 3.6 This report seeks the Cabinet's support to progress implementation of the shared service with effect from June 2010 and a recommendation to Council to proceed, which will take the final decision at its meeting on 24 February. Implementation depends on a positive decision by each of the seven councils.

Agenda Item No. 7.2

3.7 The WETT programme has been structured in such a way to enable development of the other High Level Business Cases to continue in further phases of prioritised development following the completion of necessary work on the current Detailed Business Cases.

4. KEY ISSUES

- 4.1 The proposal is that the shared service should be operational by 1st June 2010, and would be hosted by Bromsgrove District Council. The functions to be undertaken by the shared service include all aspects of licensing, environmental health and trading standards. There would be a central management structure, reporting to a Joint Committee of members drawn from the 7 councils. Further information on the governance arrangements is in paragraphs 4.8 to 4.12.
- 4.2 The Detailed Business Case V10, Part 1 & Part 2 (Rev.1) and supported by the Regulatory Services, Detailed Business Case Executive Summary V3.2 is at **Appendix A** of this report. The proposed timeline for implementation is shown at **Appendix B** of this report. The time line shows the order and dates for consultation and decision point relating to the Detailed Business Case development for Regulatory Services.
- 4.3 The aggregate direct gross expenditure on Regulatory Services across the seven County and District Councils in 2009/10 is £7.3 million. Details on the proposed costs and saving per Council Partner can be found at **Appendix C** of this report which includes an extract from the Regulatory Services Detailed Business Case V10, Finance Appendix F9 – Implementation Approach D proposed partner cash flow forecast. In addition to the target 17.2% saving against direct expenditure, it is anticipated that a saving of £354k (20%) against indirect (internal recharge) expenditure can be achieved, via self-managed efficiencies at individual authorities.
- 4.4 Capital investment of £1.5 million is needed to achieve the proposed business model, of which £270k is to be potentially grant-funded by Improvement & Efficiency West Midlands and CLG. The Detailed Business Case delivers a return on investment (payback) against net capital expenditure by Year 4 (2013/14). Once the full level of change has been implemented, this equates to £176k a year for WFDC or 23% of baseline expenditure. The budget proposals, which are the subject of consultation at present, assume that this level of savings will be achieved through the shared service or alternative changes. However the recommendation in 2.1 seeks Cabinet's agreement to include this aspect in its final budget proposals that will be agreed at its meeting in February.
- 4.5 The largest component of direct expenditure is employee costs (76% of aggregate direct costs), representing 165 full time equivalents (FTE). As part of implementation of the shared service, relevant employees from Wyre Forest District Council would be transferred to Bromsgrove District Council under the Transfer of Undertakings (Protection of Employment) Regulations. The appointment of the head of the shared service would be progressed by a joint appointments committee of the 7 councils. The Cabinet is invited in paragraph 2.5 to recommend to Council that the appointment of Wyre Forest's representative on this committee is delegated to the Chief Executive in consultation with the Leader of the Council and Group Leaders. This is in order to ensure the ability to appoint a representative quickly if all councils decide to proceed with the shared service, without the need to convene a further meeting of the council before May.

Agenda Item No. 7.2

- 4.6 The direct expenditure savings under the recommended service model i.e. 'Option 3' shown in the Regulatory Services Detailed Business Case V10 are delivered through a reduction in headcount from 165 to 120 FTE which would be implemented over a two year period.
- 4.7 Reductions in management are achieved through the removal of duplication in line management, policy development and inter-authority liaison, while reductions in professional, technical and support employees are achieved through structural rationalisation and fundamental service transformation.

Governance arrangements and delegation of functions to the joint committee

- 4.8 Having received legal advice regarding shared service governance, the Regulatory Services Project Team opted to recommend the appointment of a Joint Committee of Elected Members to oversee all activity, with each of the authorities having delegated relevant decision making and policy approval on behalf of that authority to the joint committee. This option is legally acceptable under sections 101 and 102 of the Local Government Act 1972. However the Licensing Act 2003 amended the Local Government Act 1972, adding section 101(15), the impact of which is that section 101 does not apply to the exercising of any function of a licensing authority under the Licensing Act 2003. **The Regulatory Service model described in the Detailed Business Case V10 therefore proposes to retain the existing Licensing Committees 'as is' for decision-making on licensing matters.**
- 4.9 Recommendation 2.3 of this report asks Cabinet to recommend to Council the creation of a unified Regulatory Service for the seven principal councils in Worcestershire. The decision on whether to proceed will be taken by the Council meeting on 24 February 2010. This is because, while there are elements of the services that are executive functions – and therefore fall to the Cabinet to decide how they should be discharged – there are also licensing and other functions that are not executive and are the responsibility of the Council. Further work is required between the seven councils to finalise the details including consistency of approach in delegation of executive and non-executive functions to the committee. This work will be completed shortly.
- 4.10 The details of any delegations that the Council is required to authorise in respect of non-executive functions will be included in the report on 24 February. Subject to the Council's agreement to progress with the unified regulatory service, a further report will be brought to Cabinet in March to authorise delegation of executive functions.
- 4.11 Implementation of the shared service, in particular the creation of the joint committee, would require minor consequential changes to the Council's constitution and authority will be sought from Council to progress these as part of the report on 24 February.
- 4.12 Work is also being undertaken by the 7 councils on the constitution of the joint committee and its ability to take on oversight of other shared services in future. Again, the final position will be reflected in the report to Council on 24 February. The Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2000 No 2851 (as amended) make provision for how appointments to certain joint committees are to be handled. Regulation 11(3B) requires that, where a joint committee discharges a mixture of executive and non-executive functions,

Agenda Item No. 7.2

appointments are made by the council “with the agreement of the executive of that authority”. If, as seems probable, each council would have two seats on the joint committee, Regulation 12(1C) of the 2000 Regulations requires that at least one of them must be a Cabinet member. In order to ensure decision-making that satisfies the legal requirement for the executive’s agreement, the recommendation in paragraphs 2.2 and 2.5 of this report is for the appointments to the joint committee to be made by the Chief Executive in consultation with the Leader of the Council and Group Leaders; and for the Cabinet’s power to agree such appointments in regulation 11(3B) to be delegated to the Leader. This is to ensure the ability to appoint member(s) to the joint committee promptly if all councils decide to proceed with the shared service, without the need to convene further meetings or submit further reports.

Consultation and Stakeholder Involvement:

- 4.13 The Corporate Resources Scrutiny Committee took evidence from staff and the trade unions at its meeting on 10 December; has considered the detail of the business case, consultation responses and the commentary on the consultation in two meetings as a review panel in early January; and met on 14 January to formulate its recommendations to Cabinet. The Scrutiny Committee’s recommendations were as follows:

“The Corporate Services Scrutiny Committee recommends to Cabinet that Cabinet supports the proposals for joint working for regulatory services within the WETT detailed business case.

“The Committee would welcome further clarification on the proposed service level agreements by the time of the council meeting on 24 February.”

- 4.14 Formal consultation with affected employees and Trade Unions regarding the Detailed Business Case commenced on 10 November and ended on 21 December 2009. In addition a number of other responses was received. A summary of the consultation is at **Appendix D** and a commentary has been put together by the project team dealing with the key points raised in the joint response from staff and the trade unions is at **Appendix E**.
- 4.15 This is the first of three stages of formal consultation relating to the Regulatory Services proposals. The time line at **Appendix B** of this report shows the agreed schedule for the consultation and decision making leading up to the implementation stages for the proposed services.
- 4.16 A number of key Stakeholder groups have been involved in the development of the WETT programme, the high level and Detailed Business Cases.
- 4.17 The Worcestershire Chief Executives & Council Leaders have been established as the WETT Programme Board, providing strategic direction since the initiation of the programme. The Programme Board have supported the WETT Team throughout the development stages of the Detailed Business Case for Regulatory Services and their leadership and decision to support it in November 2009 has allowed proposals to be taken forward to Executive Members for further consideration prior to Council.

Agenda Item No. 7.2

- 4.18 The County Treasurers' and HR Managers' groups have played a key role in developing, challenging and validating the Detailed Business Case to ensure that Members are presented with proposals which are robust and 'fit for purpose', offering the best options for the participating Council Partners.
- 4.19 A Programme Management Group (PMG), comprising of senior managers representing all seven Worcestershire Councils has provided key leadership and support to the programme and project teams involved in producing the WETT proposals. PMG have ensured that appropriate resources have been sourced and made available to the WETT programme to enable the progress to date to have been made.
- 4.20 Project Teams of Officers representing all Worcestershire Councils have worked hard to develop and produce the Detailed Business Case proposals. What they have achieved is the production of new and innovative service option proposals which offer increased resilience, efficiency, improvement and savings to partners at a time where Local Government is feeling the negative pressures of the recession.
- 4.21 The Detailed Business Case highlights how customers will be involved in the design of the shared service for implementation and this approach will become the standard for implementing continuous improvement once the service becomes established.

Next Steps:

- 4.22 The consultation and decision stages involved in taking the Detailed Business Case forward for Regulatory Services are illustrated in the time line at **Appendix B** of this report.
- 4.23 If the Detailed Business Case proposals are supported by both the Cabinet and Councils of all participating Council Partners, further consultation will take place with employees and Trade Unions in line with the schedule illustrated in **Appendix B**. Detailed implementation plans will be produced prior to launching the proposed new services.

5. FINANCIAL IMPLICATIONS

- 5.1 The Detailed Business Case highlights a number of key benefits which can be achieved for Partners through this new approach e.g.
- The preferred business model option offers a like-for-like revenue saving of £1.26 million (17.25% reduction on current direct service cost) largely achievable by year 3. However a £440K saving is achieved in year 2 (2011/12). This equates to £86k for WFDC
 - It should be possible to achieve savings in overhead costs in the medium to long term of up to 20% of current internal recharges (approximately £354k or £62k for WFDC).

6. LEGAL IMPLICATIONS

- 6.1 Human Resources implications and proposed Governance arrangements are set out in the Detailed Business Case and are covered in paragraphs 4.1, 4.5 and 4.8 to 4.12 above. These draw attention to the need for both the Cabinet and Council to agree delegation of their respective functions and to amend the constitution – the detail of these decisions will be set out in subsequent reports.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 An Equality Impact Assessment Screening has been undertaken for the proposed shared service. This identified that it would have no adverse impacts on the six equality strands.

8. RISK MANAGEMENT

- 8.1 Risks are highlighted at Section 17 of the Detailed Business Case.

9. CONCLUSIONS

- 9.1 The Cabinet is aware of the financial pressures on the Council, and that these are likely to become more severe in 2010/11 and beyond. It is inevitable that all service areas, including regulatory services, will need to reduce their expenditure.
- 9.2 Whilst our commitment to shared services has always been based on the principles of efficiency savings and either enhanced or maintained service levels for customers, the latter could not be sustained internally if budget pressures continue. Whilst there are risks, the enhanced two tier service option maximises potential for efficiencies, high service levels and resilience of service provision across the county.

10. CONSULTEES (on this report)

- 10.1 Leader of the Council
- 10.2 Corporate Management Team

11. Background Papers

- 11.1 Regulatory Services Detailed Business Case V10, part 1 (Business Case)
- 11.2 Regulatory Services Detailed Business Case V10, Part 2 Rev.1 (Appendices)
- 11.3 Reports for and minutes of Corporate Resources Scrutiny Committee, 10 December 2009 and 14 January 2010.