



CITY OF WESTMINSTER

MINUTES

WESTMINSTER SCRUTINY COMMISSION

MINUTES OF PROCEEDINGS

Minutes of a meeting of the Westminster Scrutiny Commission held on Tuesday 15th March 2011 at 5.30pm in Committee Room 7, 17th Floor, City Hall, 64 Victoria Street, London SW1E 6QP

Present: Councillors Ian Adams, Alan Bradley, Sarah Richardson (Chairman), Angela Harvey, Andrew Havery, Audrey Lewis and Barrie Taylor

Also present: Councillor Colin Barrow, Leader of the Council.

Apologies: None

1. MEMBERSHIP

- 1.1 There were no changes to the Membership.

2. DECLARATIONS OF INTEREST

- 2.1 Councillor Ian Adams declared a personal interest as main Board Director (Director of Communications, North West London NHS Cluster) at Westminster Primary Care Trust (NHS).

3. TRI-BOROUGH PROPOSALS REPORT – SCRUTINISING THE PROPOSALS

- 3.1 The Chairman welcomed the Leader of the Council to the meeting which had been convened to specifically consider the tri-borough proposals report and discuss the options for scrutinising tri-borough proposals as they are developed. The Commission received a report which provided an overview of the proposals report and outlined a number of areas and issues for consideration. Barbara Moorhouse (Strategic Director for Finance and Performance), Michael O'Connor (Strategic Director for Children and Young People), Marian Harrington (Strategic Director for Adults and Community Services) were also present at the meeting to give an overview of the current position and answer questions.

- 3.2 The Leader of the Council explained that officers had advised that combining back office functions could achieve savings in the region of £10-£15m per Council. Given the state of public sector funding, this was an option which was worth pursuing. Services which were currently being looked at were education and children's services, adult services, HR and IT. At its meeting in February the Cabinet had confirmed that it would be happy for proposals for shared services in these areas to be developed further. Proposals were still at an early stage.
- 3.3 The Leader commented that it was important to be satisfied that the distinct character of each borough and the services would be maintained – a sovereignty guarantee had been signed by the Leader of each borough to ensure this. With regard to cost sharing, it was envisaged that each borough would re-organise services separately to bring them up to a certain standard. Services would then be brought together with resulting savings shared between the three boroughs. There was not one Council who had the monopoly on services or was seen as the dominant or 'best'. The Leader commented that the Commission could help by agreeing a method for ensuring timely scrutiny of proposals as plans developed.
- 3.4 The Commission then heard from each of the Strategic Directors on progress in their service areas:
- 3.4.1 **Children's Services and Education.** Michael O'Connor explained that education services was seen as the 'front runner' of shared services, partly due to a recommendation arising from work undertaken by the Education Commission to look at ways to create more capacity. Combining services would allow more flexibility. It was envisaged that there would be a joint director and joint senior management team. Developing shared services would be easier for some teams than other, for example adoption, fostering and youth offending teams and other services which followed clearly defined processes, would be relatively straightforward. The structure and initial costings of services needed to be considered as currently all three boroughs had differing costs and grading of posts. It was important to establish the right model which then needed to be thoroughly validated. Agreement was needed on what resources were being put into the 'pot' and how services would be used. Work was being undertaken to establish a target operating model and a report would be made to the May Cabinet outlining the business case.
- 3.4.2 **Adult Services.** Marian Harrington informed the Commission that business case proposals for shared Adult Services would also be considered by the Cabinet in May. Consideration was being given to merging frontline assessments with the NHS and it was thought that the commissioner/provider split model was the way forward. Westminster had roughly the same amount of social care staff as London Borough Hammersmith and Fulham and Royal Borough of Kensington and Chelsea. However, the other boroughs did not have pooled support services like Westminster did. As with Children's Services and Education, validating the business case would be an important part of the process.
- 3.5 **Corporate Issues.** Barbara Moorhouse commented that tri-borough working was a big and important challenge and it was vital that business cases passed

the appropriate tests. Arrangements needed to be in place to ensure that financial control was maintained and that there was no cross-subsidy between the Councils. The object was to save money and therefore there was a need to test where spend would be. The shape and practicality of the business model and the HR principals and policy would be important for all 3 boroughs. It was important to make clear that the savings identified through tri-borough working were additional to those already identified as part of the Council's Fundamental Service Review and a result of the Government grant settlement. The aim was to establish services which would be better than the Council could provide alone, given the current financial climate, as well as being more resilient to the further reductions to public sector funding which were expected over the forthcoming years.

3.6 The Commission raised the following issues:

- **HR.** Councillor Havery asked if consideration had been given as to whether it would be more appropriate to deal with the transformation of HR services first so the service was in place to guide the other services through the changes, or last so as not to disrupt the service during an important time. It was noted that reforms to HR needed to coincide with contract renewal dates and that existing legislation would be used for making any joint appointments. It was acknowledged that reaching an agreement on pay and conditions and the 'shape' of the workforce would be challenging. Councillor Lewis raised some concern that the potential immediate benefits from some shared services which were relatively straightforward (such as libraries) were being delay and complicated due to waiting for decisions to be made on HR structure.
- **Operating models and the reconciliation of services across three boroughs.** It was clear that each borough currently had different operating models. The Commission noted that there was the potential for tension when agreeing a common operating model for shared services as what could be viewed as an inefficiency by one borough could be seen as a more appropriate operating model for delivering services to others. Confidence in the shape of services was important which is why the business case approach was being adopted. Existing management were fully involved in the development. There was a potential danger that services would not respond to local need which is why the retention of commissioning was important. Councillor Harvey commented that it was important to ensure that the best talent was preserved across the tri-borough service. Councillor Bradley raised the potential issue of staff having made a decision about who they worked for which could be based on the 'ethos' of the work being delivered. Problems could arise if staff were working for all three boroughs and delivering a different type of service.
- **Cultural differences.** The cultural difference between the three boroughs was acknowledged as an issue by both the Commission, officers and the Leader. Members highlighted the importance of politicians working for strategic, not just tactical, outcomes. Officers commented that tensions could lead to inefficiency both when making decisions about change and working together.

- **Portfolio management office costs.** Members highlighted the importance of ensuring that the cost of delivering the changes did not outweigh the savings. Although there were no figures at present, officers were aware of this potential. It was noted that an officer seconded from the Department of Communities and Local Government was currently overseeing the overall programme.
- **Funding streams and pooled budgets.** Councillor Adams asked whether it was thought that difficulties would be encountered by 'strings attached' to funding streams and limitations on the ability to pool budgets. Officers commented that they did not believe that there were any major constraints with regard to the pooling of budgets. The more important issue with pooled budgets would be to ensure that there was no appearance of cross-subsidy between boroughs.
- **Change of control at Councils.** Councillor Bradley asked what would happen if there was a change in Leadership which could result in a change of policy direction for a Council, meaning that shared services were no longer appropriate or wanted. The Leader commented that there was a consensus that it was most efficient to pool services, working on the premise of economies of scale. Any departure from this would be in the name of democratic difference. Officers felt that as long as each borough had a clear strategy, differing strategies could be delivered in a commissioning model. The 'grey areas' were in tactical political decisions and cultural difference, not the delivery of services themselves.

3.7 **Action points**

3.7.1 The Commission requested the following information:

- a gantt chart which set out the timescales for tri-borough
- Work programme for the Commission and other Policy and Scrutiny Committees which would also consider when it would be appropriate to speak to counterparts in the other two boroughs.
- A paper on joint scrutiny good practice
- A paper on examples of successful joint ventures and lessons learnt

3.8 **RESOLVED:** That the Commission notes the report and has further discussions on the tri-borough proposals.

4. **TERMINATION OF MEETING**

4.1 The meeting ended at 19:10.

CHAIRMAN _____

DATE _____