



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>4<sup>th</sup> December 2017</b>
<b>Classification:</b>	<b>For General Release</b>
<b>Title:</b>	<b>Agreement of Bi-borough Services in Children's Services, Adult Social Care and Public Health</b>
<b>Wards Affected:</b>	<b>Not Applicable</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Financial Summary:</b>	<b>The financial implications are set out in paragraphs 14.1 and 14.2</b>

## 1. Executive Summary

- 1.1 This report sets out the proposals for establishing a bi-borough agreement with the Royal Borough of Kensington and Chelsea for the delivery of Children's Services, Adult Social Care and Public Health. These proposals are being put forward as a result of the decision (made by Cabinet on 27 March 2017) to serve notice on London Borough of Hammersmith and Fulham to terminate the tri-borough s113 agreements currently in place to deliver these services.
- 1.2 This report explains the proposed new structures for the operational arrangements and seeks approval for these arrangements and to delegate to the Chief Executives the power to agree any changes to the proposed structures and operational frameworks following consultation with the Leader and any relevant Cabinet Members.
- 1.3 Proposed new structures have sought to retain the principles that underpinned the original tri-borough agreement for the shared services. A summary of the key changes are outlined in the body of this report and have also been agreed with relevant Cabinet Members. The structures have been subject to consultation with staff. Considerable effort has been spent mitigating any possible financial impact of the move to a bi-borough service.
- 1.4 A plan is in place to ensure a smooth transition occurs I order that any risk to ongoing service (BAU) delivery is minimised. The majority changes will 'go live' by 1<sup>st</sup> April 2018. Where this is not the case, there are sound business

reasons for this and agreement has been reached with LBHF in respect of such timings.

## **2. Recommendations**

### **2.1 That the Cabinet:**

- Approves the proposal to enter a shared service arrangement with the Royal Borough of Kensington and Chelsea (RBKC) for Children's, Adults and Public Health Services.
- Approves the timetable for transition to the new service arrangements as outlined in the report, noting that some elements will be phased.
- Approves the proposal to continue sharing a small number of services with both RBKC and London Borough of Hammersmith and Fulham (LBHF), where economies of scale and or quality of service indicate this is the best way forward.
- Note the proposal to establish a collaboration agreement with RBKC and LBHF in respect of the services covered in R3 above.
- Delegates the authority, following consultation with the Leader and relevant cabinet members, to sign s113 agreements in respect of Children's Services, Adult Social Care and Public Health with RBKC to relevant officers.
- Delegates the authority to the Chief Executives of RBKC and WCC to make minor changes to the proposed structures and operational frameworks following consultation with the relevant cabinet members and both leaders.

## **3. Reasons for Decision**

3.1 In March 2017, Cabinet endorsed a recommendation to serve notice to London Borough of Hammersmith and Fulham (LBHF) to terminate the s113 agreements that have been in place since 2012 to share Children's, Adult Social Care and Public Health services. LBHF had signalled their intent to withdraw from these Tri-Borough arrangements but with no indication of when they would serve notice. In order to reduce the uncertainty for staff and the potential impact this might have on service delivery, Westminster City Council (WCC) and the Royal Borough of Kensington and Chelsea (RBKC) agreed to issue termination notices. Both Councils were keen to ensure that new arrangements were in place by April 2018.

3.2 Since that time, officers have worked to develop alternative structures which maintain the principles of the original tri-borough proposition of collaborative working and delivering efficiencies through scale whilst retaining sovereignty. New s113 agreements will be established with RBKC, setting out the new sharing arrangements. It is proposed that a small number of services in both

Adult Social Care and Children's Services will continue to be shared with both RBKC and LBHF. Endorsement is sought to continue those arrangements.

- 3.3 It should be noted that WCC is committed to continuing its Tri-borough shared service arrangements in a number of other areas. A full list is outlined at appendix 1.

#### **4. Background**

- 4.1 Significant and sustained cuts in local authority funding have posed unprecedented challenges for local government. In response to this, in 2010, LBHF, RBKC and WCC initiated the tri-borough arrangement and agreed to share certain services. The three councils entered into agreements to share staff under s113 of the Local Government Act 1972. This was supported by a comprehensive legal agreement for the sharing arrangements based on a high trust model.
- 4.2 The model for collaborative working provided maximum flexibility for the three Councils to maintain sovereignty. The aim was to enable the three Councils to do more with less, sharing resources and management, and reducing costs whilst improving services. Both WCC and RBKC consider these arrangements to have been an outstanding success based on the significant improvements to the quality of services in addition to the financial savings the three Councils have achieved including a number of non-cashable efficiencies.
- 4.3 Since entering into sharing arrangements, each council generates an estimated gross average of £14m in annual ongoing savings across the shared services. In addition, working across the Tri-borough, the services have been able to innovate and transform at scale to improve the efficiency and quality of services. It is acknowledged that sharing services has not always worked as well as anticipated, but where problems have occurred, the shared service concept has generally not been at the root of the problem and there has been significant learning as a result of these experiences.

#### **5. Proposals and Issues**

- 5.1 The following paragraphs outline the key structural changes that will take place in response to the need to withdraw from the partnership with LBHF. High level structure charts are attached at appendix 2.

#### **6. Children's Services**

- 6.1 Within the Tri-borough arrangements, WCC retained sovereign family services and that will remain the case in the Bi-borough arrangement with RBKC. This includes Early Help, Assessment and the Multi-Agency Safeguarding Hub (MASH), Looked after Children and Leaving Care, Child Protection and Social Work and Clinical Practice.
- 6.2 A number of services that have been operating on a tri-borough basis will become bi-borough. These include the majority of education functions

including school standards, school places planning and special educational needs and disabilities.

- 6.3 A small number of services will remain tri-borough and this has been agreed with the cabinet members and leaders of each of the three boroughs. These are services that are generally considered to be performing well and where economies of scale are such that disaggregating teams would render them unviable.
- 6.4 The need to review structures as a result of the move to bi-borough has provided an opportunity to review the location of a number of functions. A bi-borough corporate ICT function is now in place so responsibility for children's services ICT will transfer to that team. Likewise, the Tri-borough Children's finance service will transfer to the City Treasurer's team with effect from 1<sup>st</sup> April 2018.

## **7. Integrated Commissioning**

- 7.1 In a significant departure from current structures, an Integrated Commissioning function is being established. This will bring together commissioners from Adult Social Care, Children's and Public Health. The new team will harness a range of skills and experience to deliver commissioning against an ambitious change agenda to enhance tangible service outcomes and maximise value for money across the three functions.
- 7.2 Good commissioning is fundamental to achieving effective service outcomes for our residents and by integrating teams in this way, building on the professional disciplines in each of the departments, we will build a sustainable, resilient, innovative and efficient function that provides good career development opportunities for our staff.

## **8. Adult Social Care**

- 8.1 The most significant changes within Adult Social Care are within the senior management team and within non-social work services such as commissioning and finance and operations. The majority of services are already operating on a sovereign basis.
- 8.2 There will be no changes to the following: care and assessment, learning disabilities, mental health services, hospital discharge, community independence services and all provided services (with the exception of the head of service role that will become bi-borough).
- 8.3 As with Children's services, a small number of services will remain tri-borough including the sensory services team and some aspects of the safeguarding function including mental capacity assessments and deprivation of liberty. Some finance and IT services will remain tri-borough in the short to medium term including client affairs and payments. It is likely these will become bi-borough over time, but the given the depth of integration in these areas, time and care will be needed manage the transition.

8.4 The remainder of the safeguarding and placements team will become bi-borough, along with a new bi-borough senior management team. The Home Care management team will also become bi-borough as will the transformation team.

## 9. Public Health

9.1 Public Health will be restructured to become a fully bi-borough service, with its commissioning function integrated into new commissioning team as outlined in paras 15-16.

## 10. HR issues

10.1 As noted above, the move to a bi-borough service represents a significant restructure of resources across three services. However, in practice, the majority of staff (83% in WCC) will be unaffected. Their employing borough will remain the same as will their job description. Across the two boroughs (RBKC and WCC) approximately 330 staff will be impacted, out of over 1500 and it is likely that a very small number of those will be displaced.

Proposed Impact	Total number
Direct assimilation	203
Competitive assimilation	66
No change – proposed as shared	222
Post is not proposed in new structure	58
TUPE	8

NB NOTE THESE ARE ESTIMATES BASED ON STRUCTURES THAT WERE CONSULTED ON, FINAL NUMBERS MAY BE DIFFERENT

## 11. Consultation

11.1 Proposals for new service structures have been subject to extensive consultation with all staff affected by the changes. Consultation has led to a number of changes to structures and final structures were published in mid-November.

## 12. Equality Implications

12.1 As with all reorganisations, consideration has been given to whether the changes being proposed might have a detrimental effect on any of the groups of people that are given protection under the Equality Act 2010, either as service users or as members of the workforce. If any detrimental issues have been identified, reasonable attempts must be made to mitigate them. Equality

assessments were undertaken of each of the new departmental structures and can be provided on request.

### 13. Legal Implications

- 13.1 The Public Contracts Regulations 2015 provide that certain agreements between public authorities are exempt from those regulations and therefore the obligation in them to seek competitive tenders for the provision of services.
- 13.2 To qualify for the exemption, the arrangements must; establish cooperation between the public authorities, with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common and which (cooperation) is governed solely by considerations relating to the public interest. It is also a requirement that each of the authorities perform less than 20% of the services on the open market. To be lawful, cooperation agreements therefore comply and demonstrably so with the restrictions set out above.
- 13.3 The agreements have been structured so as to be bi-borough arrangements but with an option for Hammersmith to join them in due course. This approach allows WCC and RBKC to have agreements in place in time to go live on 1 April 2018. It also allows LBHF to join the arrangements by signing a joining agreement with WCC and RBKC, under which LBHF will be able adopt the terms of the co-operation agreement.

### 14. Financial and Resources Implications

- 14.1 Establishing the new Bi-borough working arrangements and the associated structures will result in both one-off and recurring costs to be incurred by each Council. These costs relate to staffing, accommodation, procurement and the implementation itself.

#### On-going staffing

- 14.2 Post the consultation process the latest estimated costs for Westminster are summarised in the table below;

	<b>FIs post consultation</b>
<b>Directorate</b>	<b>WCC £m</b>
Children's	0.423
Adults	0.310
Public Health	0.074
<b>Total</b>	<b>0.807</b>

- 14.3 These estimated costs are calculated before the recruitment process begins so estimates on bands and grades have been required. Therefore, when

staff are recruited into posts these estimates may change depending on the terms awarded.

- 14.4 The on-going financial impact of these changes will be financed as advised through the Council's budget process.

#### Accommodation

- 14.5 Staff will need to be accommodated in WCC and RBKC buildings who have previously as part of Tri-Borough working and located in LBHF property. This will generate one off costs related to the moving of staff and potential reorganisation of internal space within 5 Strand and Portland House.
- 14.6 Property colleagues have estimated the moving costs as c£150k based on initial estimates. These costs would be split between the two boroughs and agreement would also need to be made with LBHF around the cost of moving staff in and out of Hammersmith properties.
- 14.7 Colleagues are reviewing the capacity within existing sites to determine if there will be any additional space required, which would result in additional cost.

#### Procurement

- 14.8 Procurement are looking to move all existing Tri-b contracts to individual sovereign contracts. To date they have not identified any potential financial impact of altering the contracts. However, this needs to be closely monitored during negotiations with suppliers, especially in the case where prices are linked to volume of activity.

#### Implementation costs

- 14.9 Costs incurred with implementing the new Bi-borough working arrangements are being monitored during the programme. It is currently forecast that WCC will incur costs of £358k in 2017/18 and £73k in 2018/19.
- 14.10 One off implementation costs associated with the new structure may occur in relation to redundancy costs. At this stage HR have estimated these could be £790k for WCC, however this is the cost of all posts classified as at risk. Further analysis of these figures and taking account of available posts in the new structure revised estimated cost is reduced to £405k. These estimates do not include any related pension costs.

**If you have any queries about this Report please contact: Siobhan Coldwell, Chief of Staff, [scoldwell@westminster.gov.uk](mailto:scoldwell@westminster.gov.uk)**

**Background Papers:** None

## **Appendix 1 – On-going Tri-borough Services**

- Libraries
- Audit, pensions and treasury management
- Insurance
- Fleet management
- Some corporate services including the Managed Services Programme (MSP), legal and some contracts across IT which is now primarily a bi-borough arrangement
- Facilities management and the Amey contracts