




Bi and Tri-Borough Executive Decision Report

[Note: For the purposes of the statutory record, this report will be accompanied by the relevant sign-off sheet used at each authority that is party to this decision. Such record will be retained at each such authority.]

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	CABINET Date of decision: 5 th March 2012 Forward Plan reference: <i>[insert]</i>	
	CABINET Date of decision: 20 th February 2012 Forward Plan reference: <i>[insert]</i>	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
	CABINET Date of decision: 22 nd February 2012 Forward Plan reference: <i>[insert]</i>	 City of Westminster
Report title (decision subject)	TRI AND BI BOROUGH LEGAL AGREEMENTS	
Reporting officer	London Borough of Hammersmith and Fulham Michael Cogher, Director of Legal & Democratic Services and Jane West, Executive Director of Finance and Governance Royal Borough of Kensington and Chelsea Michael Cogher, Director of Legal & Democratic Services and Nicholas Holgate, Town Clerk and Executive Director of Finance Westminster City Council Peter Large, Director of Legal & Democratic Services Barbara Moorhouse, Chief Operating Officer	
Key decision	Yes	

Access to information classification	PUBLIC
Cabinet Member or senior officer sign-off details	<p><i>[Report author to confirm that the authority of the relevant Cabinet Member at each authority has been obtained to the publication of this report – or Cabinet Member signature to be added below:</i></p> <p><i>Report authorised: [insert]</i></p> <p><i>Date: [insert]</i></p>

1. EXECUTIVE SUMMARY

- 1.1** This report seeks the necessary authority to enter into the Bi and Tri-Borough legal agreements which will commence on 1st April 2012 following the decision of the three authorities' Cabinets in June 2011. It sets out the key provisions of the proposed agreements which will be used for the initial combination and integration of services which will provide, together with the various schedules, a suitable framework to operate and develop combined services. The agreements, all based on a single model, have been drafted with the parties' aspirations for a "high trust" model in mind and are intended to represent a prudent minimum to ensure the parties have a clear understanding of the arrangements and to provide suitable processes to resolve any disputes. The key principle underpinning the agreement is the sharing of staff using s.113 of the Local Government Act 1972 under which staff of one authority can be treated as the staff of another for the purposes of their statutory functions as opposed to a commercial arrangement whereby one authority provides professional services to another.
- 1.2** Copies of all the draft agreements are available on request but do not need to be read by Cabinet for the purposes of decision making.

2. RECOMMENDATIONS

- 2.1** That the Executive Director for Finance and Corporate Governance (LBHF), the Town Clerk and Executive Director of Finance (RBKC) and the Chief Operating Officer (WCC) be authorised to enter into the Bi and Tri-Borough Agreements in respect of the services set out in paragraph 6 on the terms set out in paragraph 5 or such other broadly similar terms as she/he, in consultation with the relevant Director of Legal & Democratic Services, considers appropriate.

3. REASONS FOR DECISION

- 3.1** The Bi and Tri Borough arrangements approved by the Cabinets in June 2011 need to be formalised through agreements pursuant to s.113 of the Local Government Act 1972 in order to establish the legal relationship between the parties and comply with the Authorities' various public law duties including their fiduciary duties to their Council Tax payers.

4. BACKGROUND

- 4.1** The background to the Tri-Borough plans to integrate and combine Children's Services , Adult Social Care, Libraries and elements of Corporate Services and the Bi-Borough plans to combine a range of Environmental Services has been dealt with extensively in previous reports.

5. SUMMARY OF THE LEGAL AGREEMENTS

- 5.1** A detailed summary of the standard provisions which apply to all services is set out below.

5.1.1 Clause 1 - Background

This sets out the aspiration to realise economies and efficiencies through the combination and integration of services through alignment, joint working and co-location rather than through a single authority to which functions will be delegated and staff transferred. The concept of the Sovereignty Guarantee is introduced. The use of s.113 of the Local Government Act 1972 is explained.

5.1.2 Clause 2 – Definitions and Interpretation

Sets out the definitions used in the agreement which are contained in Schedule 1.

5.1.3 Clause 3 – Duration

The agreement remains in force until terminated under the termination provisions (see clause 25)

5.1.4 Clause 4 – The Arrangements

This, together with Schedule 2, establishes the aims, benefits and intended outcomes of the agreement and the high level principles which underpin it. These are aspirational and are not themselves legally binding. The arrangements comprise those in relation to combined teams (section 3), governance (section 4) and finance (section 5). The arrangements do not affect the liabilities of a Council to third parties.

5.1.5 Clause 5 (Non) Delegation of Functions

This makes it clear that the arrangements do not transfer statutory functions from one Council to another and that shared officers discharge the functions of the authority they are acting for at the time as an officer of that authority. Should the Councils wish to delegate any functions to one another in the future then this must be accomplished through a separate agreement.

5.1.6 Clause 6 – S.113 Arrangements

This, together with Schedule 5, establishes the arrangements for sharing staff by listing the posts being integrated and combined. It also provides a framework for the management, appraisal and supervision of the shared executive director together with a mechanism for the parties to raise any concerns in relation to their performance.

5.1.7 Clause 7 – Single Management Team (SMT)

This establishes a single management team for the service. Membership and terms of reference are set out in Schedule 6. It has responsibility for implementing and monitoring the arrangements and for complying with the financial protocol and Sovereignty Guarantee. It has the power to establish further subsidiary management teams whose terms of reference are agreed by the Parties.

5.1.8 Clause 8 Accountability

This sets out the accountability of post holders and requires the development of detailed arrangements as to the responsibility of post holders.

5.1.9 Clause 9 SMT Review Meetings

This requires SMT to hold an agreed number of review meetings to discuss performance of the arrangements and the realisation of savings etc. The minutes will be submitted to the Parties.

5.1.10 Clause 10 Annual Review

This requires SMT to carry out an annual review of the arrangements to evaluate performance, effectiveness and outcomes etc. and produce targets and priorities for the next financial year and make recommendations to the Cabinets with a view to producing an Annual Strategic Agreement summarising priorities, targets and budgets for the next financial year and any required variations to the arrangements. It is not intended to have an Annual Strategic Agreement in place for the first year.

5.1.11 Clause 11 Financial Arrangements for Postholders

This makes the employing authority solely responsible for payments due under contracts of employment. The non-employing Council is responsible for expenses incurred in carrying out duties for them provided they are of a nature payable under the employer's expenses policy. The non-employing Councils are also responsible for any training they require a postholder to undertake in relation to s.113

duties carried out for that Council. The sharing of savings is dealt with below.

5.1.12 Clause 12 Financial Protocol

This provides for the financial protocol at Schedule 4 which sets out the financial relationship between the parties and includes provisions relating to financial planning, management, reporting, risk management, audit and the sharing of savings. The financial protocol will ensure that the authorities discharge their fiduciary duties to their Council Tax payers as far as the arrangements are concerned.

5.1.13 Clause 13 Human Resources Protocol

This sets out, in schedule 3 the protocol for dealing with HR issues. It is not a substitute for the parties' existing HR policies and procedures.

5.1.14 Clause 14 Indemnities & Liabilities

Each party indemnifies the others against damage caused by that party's negligence, (excluding the contributory negligence of the other parties). As far as post-holders are concerned the non-employed party is responsible for the acts/omissions of a postholder when performing s.113 duties for that party and the employing party is responsible when they are performing duties for the employer. This puts the parties in the same position as if they were not sharing officers.

TUPE is not expected to apply but if it is subsequently found to apply (TUPE is a question of fact and law rather than intention) then the transferor indemnifies the transferee in respect of liabilities which arise due to their act or omissions and the transferee indemnifies the transferor in respect of those which arise due to their acts or omissions. Liabilities incurred as a result of the acts or omissions of more than one party shall be apportioned reasonably. Parties are under a duty to mitigate losses.

5.1.15 Clause 15 Insurance

The parties may, but are not obliged to, maintain insurance in respect of potential liabilities arising from the arrangements. Where they do so they must ensure that they cover liabilities incurred through their own staff performing employee duties and the staff of other parties performing s.113 duties.

5.1.16 Clause 16 Standards of Conduct

This requires the parties to ensure that the arrangements comply with statutory requirements and guidance in respect of conduct, probity and good corporate governance.

The parties will review and where appropriate amend their constitutions as necessary to comply with the agreement and enable the arrangements to run as smoothly as possible. This does not require a party to make alterations which it reasonably considers would be inconsistent with the Sovereignty Guarantee.

5.1.17 Clause 17 Conflict of Interest

This sets out the procedure for dealing with conflicts of interest arising from the arrangements. It identifies two types, private interest conflicts and combined working conflicts. The former may arise where an employee discharging s.113 duties has a private conflict with the non-employing party. In such circumstances the conflict is notified to and recorded by the employing party in accordance with their own procedures. The Joint Director and the Chief Executives are then notified (and the Leaders where the Chief Executives are conflicted). The Parties then take such action as is required to protect their interests.

In the event that a combined working conflict arises which affects the Joint Director he shall notify the Parties and the non-employing party shall appoint an interim director as necessary and appropriate. Where other combined working conflicts arise the Joint Director shall ensure appropriate steps are taken to protect the interests of all parties including the obtaining of appropriate professional advice.

5.1.18 Clause 18 Complaints

Third party complaints are dealt with using the complaints procedure of the appropriate party. The parties may agree a combined complaints procedure in writing.

5.1.19 Clause 19 Ombudsman

The parties shall co-operate with one another as required in relation to Ombudsman investigations.

5.1.20 Clause 20 Intellectual Property

The parties grant one another a licence to use each others' intellectual property rights for the purposes of the agreement. The parties shall agree their respective rights in relation to any IPR jointly created through the arrangements.

5.1.21 Clause 21 Confidentiality & Data Protection

This requires the parties to treat confidential information appropriately and sets out limited circumstances in which it may be disclosed. It provides, in Schedule 7, a Data Sharing Protocol which must be complied with and requires the parties to comply with the Data Protection Act 1998.

5.1.22 Clause 22 Freedom of Information

The parties shall co-operate with one another to enable them to fulfil their obligations under FOIA and shall consult one another before disclosing information relating to the arrangements.

5.1.23 Clause 23 Default

This provides a mechanism to deal with breaches of the agreement which are capable of remedy. The parties shall meet and agree a remedial action plan giving the defaulting party a reasonable period to remedy the breach. If a party is not satisfied that the defaulting party has complied with the plan it may initiate the dispute resolution procedure (clause 24) or terminate the agreement (clause 25).

5.1.24 Clause 24 Disputes

This provides a tiered mechanism for the resolution of disputes. The first stage is a meeting between the parties' representatives who will endeavour to resolve the dispute. If this is not possible within a reasonable period then the matter is escalated to the relevant Cabinet Members and if not resolved by them to the Leaders. In the event that the parties cannot resolve the dispute themselves then they must refer the matter to mediation. Legal proceedings may not be commenced unless a party has attempted to resolve the matter by mediation and it has either terminated or the other party has failed to participate.

5.1.25 Clause 25 Termination

This sets out the circumstances in which the agreement may be terminated. It may be terminated at any time by agreement and upon 12 months notice by any party. Individual post holders are removed from the agreement if they cease to be employed by an employing party.

The agreement may be terminated on 20 working days notice by an innocent party where another party commits a material breach incapable of remedy or one which is capable of remedy but has not been remedied in accordance with Clause 23.

The agreement may also be terminated after a reasonable period where it is no longer possible to fulfil it due to a change in law or guidance from the Secretary of State and the parties are unable to agree a suitable variation to enable the obligations to be fulfilled.

In the event of termination the parties shall use all reasonable endeavours to minimise disruption to the continued delivery of services and staff.

5.1.26 Clause 26 Variations

This allows the parties to propose and agree variations to the agreement.

5.1.27 Clauses 27-34 Boilerplate

These are standard provisions relating to the service of notices, waiver, severance and transfer etc.

6. INDIVIDUAL SERVICE ARRANGEMENTS

6.1 The arrangements for the individual services are summarised below.

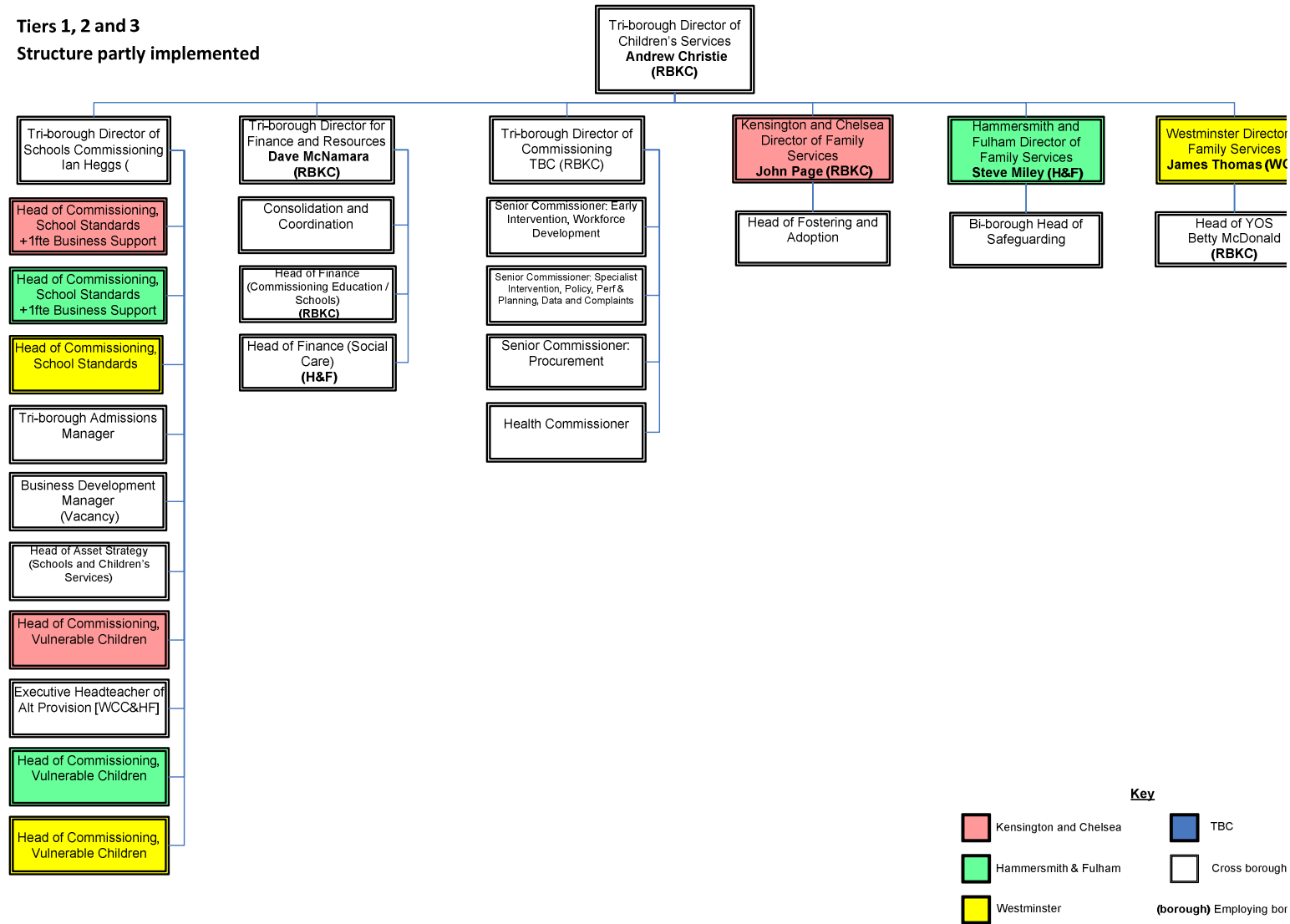
6.2 Children's Services

6.2.1 The Tri-Borough Children's Services model is designed to deliver services to children, young people and families living across the three authorities. It will work with those who require protection and aim to deliver the best possible start in life for children. The model is based on the combination, sharing and closer integration of a range of services for children. This will deliver efficiencies and provide service resilience. The Tri-borough Children's Service will contain:

- A single combined Senior Management Team (outlined in Diagram 1);
- A single education commissioning function responsible for raising standards and preventing failure in over 150 schools; working with more than 1,800 children with statements of special educational needs, and having oversight of a combined Dedicated Schools Grant spend of in the region of £280m;
- A single commissioning function responsible for arranging services for early years, children, young people, social care, health, disability and workforce development;
- Three Borough-based delivery units with responsibility for protecting children, supporting families and delivering early help in the most efficient manner possible. Where appropriate, specialist services will be combined to share overheads and expertise (e.g. Youth Offending and Fostering and Adoption Services).

Diagram 1

Tiers 1, 2 and 3
Structure partly implemented



6.3 Adult Social Care

6.3.1 The Tri-Borough Adult Social Care model is designed to realise economies and efficiencies through the combination, sharing and closer integration of a range of Adult Social Care services. This includes the creation of a single management team. The Single Management Team's terms of reference are all aspects of the strategic and operational management of the following services:

- Commissioning
- Complex needs
- Contracting and procurement
- Finance –including client affairs
- Business intelligence
- Workforce development
- Safeguarding
- IT
- Customer feedback and complaints
- Customer information
- Planning and service improvement

6.3.2 The Single Management Team will be composed of the posts and reporting lines as described in Diagram 2. Each borough will have a senior manager at Director level nominated to work with the Executive Director to ensure availability to elected members and representation of Adult Social Care within the core functions of each Council. A summary of the core functions is outlined below:

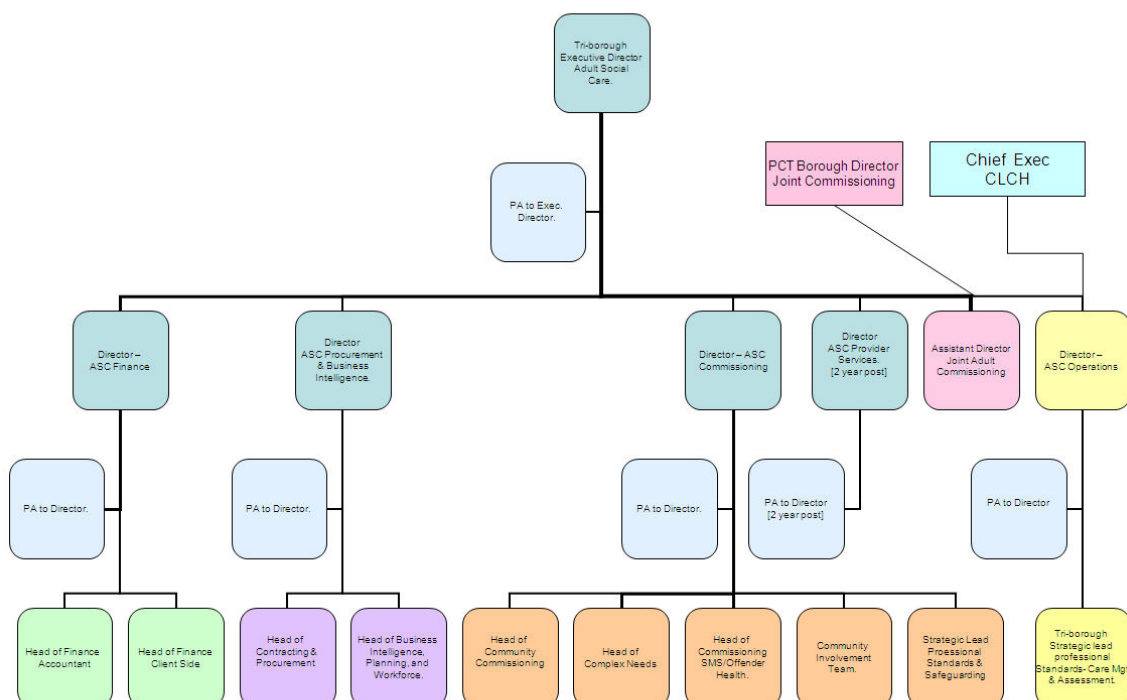
- **Commissioning and Complex Needs-** This function will commission all services which support people who are living in the community with social care needs. Preventative Services Commissioning will ensure that all Tri-boroughs have a robust preventive offer for all adult social care user groups and build on the strong relationships which exist between the voluntary sector, community groups and the three Councils. This function will also commission services for a range of people including those with autism, dual diagnosis, brain injuries and high level mental health needs. The responsibility for property issues will be with these teams as most of the buildings based services will be commissioned by this team.
- **Business intelligence and planning-** key functions necessary both to inform commissioners and also to ensure the performance of the service is appropriately managed and reported both internally to Councils and elected members and externally to regulators.
- **Finance-** will support the commissioning and statutory adult social care functions of the three Councils.
- **Directly managed services-** Each of the three Councils still directly manages some social care services. These services have a combined value of just under £22m and include day care, day services and residential care homes in each of the three boroughs. The strategic direction continues to be to outsource services and there are plans to do this as at different stages of implementation. Whilst the services remain within the Councils they will need sound

management. It is proposed that one senior manager will be designated to manage these services together as a specific management role reporting to the Director of Adult Social Care.

- **Joint Commissioning-** The Tri-borough and the PCT sub-cluster already have agreed joint commissioning arrangements (mental health, older people, other vulnerable adults), these have responsibility for all areas where there is a clear advantage from doing so. They ensure services are commissioned across organisational boundaries and that best use is made of pooled budget arrangements.

Diagram 2

Final Proposed structure for tri-borough ASC & NHS Integrated Commissioning.



6.4 Libraries

6.4.1 The Tri-Borough Libraries Model is designed to realise economies and efficiencies through the creation of a single managed library service. This provides a unique opportunity to sustain excellent frontline services and deliver customer outcomes, whilst reducing costs. The proposals that are being put in place are:

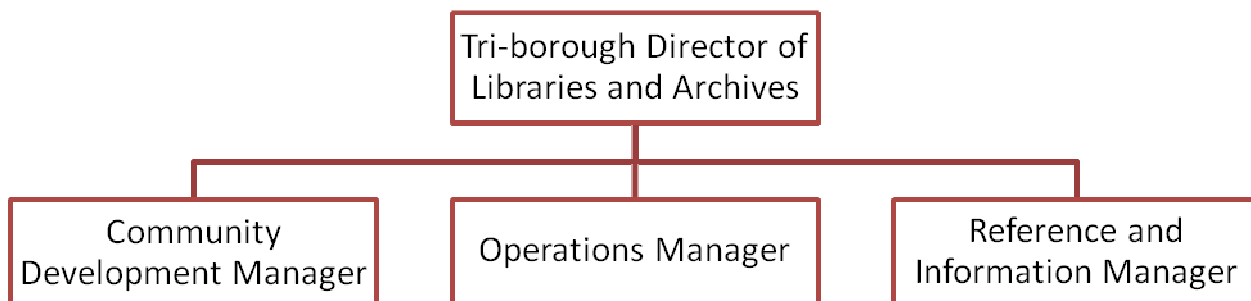
- **A single management structure-** combining the strategic management of each authority's library service within one management team of four staff.
- **Service efficiency-** using a detailed transactional model to identify the optimum number of staff required to operate a lending library. Operational staff will continue to be borough-based, but the increased scale of Operations will improve service resilience across all three boroughs.
- **Integrated core service-** Reference and Information services and Community Development services will be combined and will operate across the three boroughs. The main responsibilities of the Reference and Information Service will be to manage and develop the core library reference

and information service to meet all levels of need, using best available formats and technology. The main responsibilities of the Community Development Service will be to develop and promote the contribution of libraries in local communities, meeting identified needs; to promote literacy and the love of reading to children and adults; to support and provide learning opportunities; and to develop links and partnerships with relevant bodies.

6.4.2 Additional services will be commissioned locally by individual authorities. Examples include Westminster City Council's Music Library, LB Hammersmith and Fulham's prison services, and the RB of Kensington and Chelsea's local studies.

6.4.3 The tri-borough shared management posts and associated reporting structure for the combined library service is set out in Diagram 3.

Diagram 3



6.5 Environment Services

6.5.1 The Bi-Borough Environment model is designed to realise economies and efficiencies through the combination, sharing and closer integration of a range of Environmental services that are commissioned and delivered by their respective organisations. Two departments have been created, one entitled Environment, Leisure and Residents Services and the other Transport and Technical Services. Single management structures have been put in place to oversee the delivery of the following services:

Environment, Leisure and Residents Services

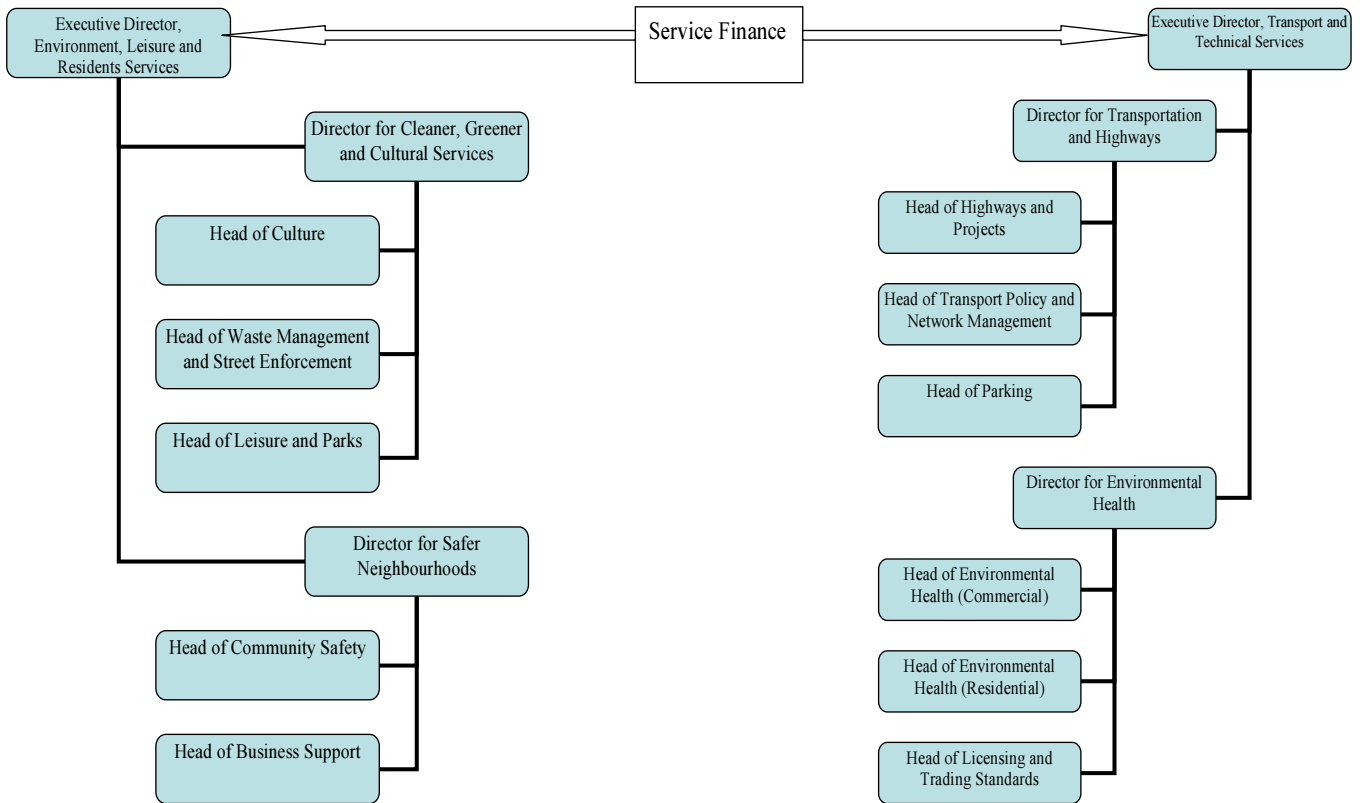
- Waste
- Culture
- Leisure
- Parks
- Community Safety

Transport and Technical Services

- Transport
- Parking
- Highways
- Licensing
- Environmental Health

6.5.2 The bi-borough shared management posts and associated reporting structure for the services are set out in Diagram 4. The Senior Management teams will be undertaking a process of service reviews which will result in further recommendations relating to shared working, with the potential for further posts to be shared. However, at the commencement of the legal Agreement the employees to be placed at the disposal of each borough by the other borough are the management positions set out in Diagram 4.

Diagram 4



7. EQUALITIES IMPLICATIONS

- 7.1 These have been addressed in earlier reports. The public sector equality duty has been considered by officers in the development of the proposals.

8. COMMENTS OF THE ASSISTANT DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES

- 8.1 The proposed legal relationship between the Authorities is described above. S.113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another authority for the placing at the disposal of the latter for the purposes of their functions, on such terms as may be provided for by the agreement, of officers employed by the former. Officers placed at the disposal of the “borrowing” authority are treated as an officer of that authority for the purposes of all their statutory functions whilst remaining an employee of the “lending authority” for employment law purposes. Before entering into an agreement under s.113 the affected staff must be consulted (see paragraph 10 below). The nature of s.113 means that no direct EU procurement issues arise in relation to the proposed agreements.

- 8.2 The Director of Legal & Democratic Services is of the opinion that the agreements provide a prudent framework for the integration and combination of the services and that the Council may lawfully enter into the agreements.

9. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 9.1 A standard financial protocol has been agreed across the three boroughs for each service. This establishes a base for financial performance monitoring for services and details the service specific financial and management responsibilities.

- 9.1.1 The financial protocols will be reviewed on an annual basis by the Bi/Tri-borough Director of Finance for the service, the Bi/Tri-borough Executive Director and the Directors of Finance in each Council, in consultation with Cabinet Members. The financial protocols include requirements for:

- Financial Planning
- Revenue Estimates
- Financial Management and Reporting
- Closing and the Audit of Accounts
- Risk Management and Insurance Requirements
- Sharing of Costs
- Mechanism for Variations

- 9.1.2 Budgets will be provided to the budget holders at the start of the financial year and will link to the individual Council's approved budgets and the service mandate. The respective service finance teams will continue to provide financial information for senior managers and members to agreed timescales and format, working with operational and provider services to ensure the information is "owned" by the service.
- 9.1.3 Each borough will incur a fair share of the costs of functions. 'Fair' means that the costs borne by each borough should relate to the work done for it by the pooled function. One borough will not subsidise another.
- 9.1.4 The financial position of all three Councils means that Boroughs should use a cost sharing methodology that is economical to administer.
- 9.1.5 Each borough will make recharges for indirect and overhead costs that will be added to the direct costs of combined functions. These 'overheads' will be for things like HR services provided for staff, or accommodation costs for space used. Charges will be invoiced quarterly on the basis of the budget set at the beginning of the financial year, adjusted for pay costs budgeted to be incurred by each borough. The Host Borough will calculate actual charges, using this methodology, every quarter and will issue adjusting invoices or credit notes as necessary.
- 9.1.6 Not all staff may be hosted (i.e. employed) in one borough, as staff appointed into shared roles will remain employed by their existing authority, even though they have taken up posts in the new structure. Boroughs need to avoid time-consuming recharging, so the approach being taken is:
- Boroughs incur costs for those staff they employ
 - The host borough consolidates all the costs together into one statement every quarter
 - This cost sharing methodology will be applied to the costs in the statement, each borough will make an extra payment or receive a refund accordingly.
- 9.1.7 There will be some one-off implementation expenses such as redundancy costs. These will be shared in proportion to the savings made by each borough.
- 9.1.8 The Host Borough will be the body responsible for applying all aspects of this methodology, and the other two boroughs will provide every assistance to enable that to be carried out. The Director of Finance for the service for the two/three boroughs will be the nominated officer responsible for ensuring this methodology is applied.
- 9.1.9 Revisions or amendments to the protocols will be agreed on an annual basis or, where applicable, throughout the year. Revisions or amendments will be signed off by the Bi/Tri Borough Executive Director, the three Directors of Finance and Chief Executives.
- 9.1.10 Services will continue to provide a professional working relationship with the Councils' internal and external auditors.

9.2 Children's Services

- 9.2.1 The Children's Services business case sets out savings of £11.8m to be achieved by 2014/15.
- 9.2.2 Each borough will retain its 'sovereign' capacity to commission a variation of the common services level or specific provision. The three Councils' gross spend on Children's Services in 2011/12 was £536m.
- 9.2.3 The cost apportionment methodology is designed to apply to costs that are shared between the three boroughs such as those for shared management and commissioning staff.
- 9.2.4 Individual work streams are preparing detailed schedules of any non staffing costs that are to be shared and the methodology of apportionment. All other costs will be incurred directly by the individual boroughs and will fall outside of this methodology.
- 9.2.5 Implementation costs will be shared in proportion to the savings made by each borough.
- 9.2.6 The posts to be shared are set out in Table 1 along with the proportions that will be chargeable to each borough.

Table 1

Work Stream	Bi / Tri-Borough FTEs	LBHF share	WCC share	RBKC share
Senior Management	4.0	1.3	1.3	1.3
Senior Management - Executive Support	9.0	3.0	3.0	3.0
Fostering & Adoption ¹	85.5	tbc	tbc	tbc
YOT	20.5	6.8	6.8	6.8
LSCB	3.8	1.3	1.3	1.3
Safeguarding	1.0	0.4	0.2	0.4
Education	7.7	3.3	1.5	2.9
Commissioning	64.6	21.5	21.5	21.5
Finance	3.0	1.0	1.0	1.0
Total	199.1	38.7	36.6	38.2

¹ Apportionment of the fostering and adoption staffing costs will be proportionate to the level of service used.

- 9.2.7 The three boroughs will agree that the shared staff will be working on the business of two or all three boroughs, and that the ratios being adopted (as set out in Table 1) represent a fair reflection of the work done for each borough.

9.2.8 The finance and resources team will arrange for recharges to be made in order to refund each borough who incurs shared costs.

9.3 Adult Social Care

9.3.1 The cost apportionment methodology is designed to apply to costs that are pooled between the boroughs, such as for commissioning staff. Costs that are not pooled (such as packages and placements) will be incurred directly by individual boroughs and will fall outside this methodology as set out below.

9.3.2 For the first year, 2012/13 these headings fall in to one of two groups for the purposes of this methodology.

9.3.3. Group 1 are savings expected in budgets that will not be pooled by the boroughs. Rather, they will be maintained separately in the accounting records of each borough. No method of sharing costs is required because they will be charged directly to each borough's accounts. The costs in this group are:

- Finance, including client affairs and charging (until 2013 when they begin to combine)
- Commissioning – WCC's emergency planning post expected to be used by WCC only
- Commissioning - Voluntary Sector & Community Liaison (expected to be used by LBHF only)
- Commissioning – Posts funded by PCTs
- In house services (excluding the Assistant Director post)
- Overheads – Training non pay (savings not forecast until 2014/15)
- IT
- CLCH Integration – Impact on Demand
- Procurement savings

9.3.4 Packages and placement budgets will not be pooled by the boroughs, and similarly will not require a charging methodology. Other than the Operational Assistant Director, operational staffing budgets will not be pooled.

9.3.5 Group 2 are savings expected in budgets that will be pooled by the boroughs. Due to the fact that they are pooled the boroughs need to agree a mechanism under which each will meet its fair share of the costs. The costs in this group are:

- Commissioning and In house services management (i.e. the Assistant Director)
- Overheads – Training pay costs, and Project management pay costs
- CLCH Integration – Management
- Joint Commissioning and support services with GP consortia (savings not forecast until 2014/15, so therefore not within the scope of this paper)

9.3.6 Costs for pooled services will be shared in the ratio of the budget resources put in for those pooled services by each Borough. In relation to Adult Social Care, the percentages that result from this approach are outlined in Table 2.

Table 2

Percentages by Which Costs will be Shared		
	Commissioning	Director, ADs, PAs
LBHF	29.0%	46.3%
RBKC	33.1%	21.2%
WCC	37.8%	32.5%
Total	100.0%	100.0%

9.3.7 LBHF will host these functions on behalf of the boroughs. This means that LBHF will usually incur the costs of pooled functions and will need to charge the other boroughs on a fair basis for those costs.

9.3.8 Implementation costs will be shared in proportion to the savings made by each borough.

9.4 Libraries

9.4.1 The future costs and savings of a tri-borough library service have been apportioned as set out below.

9.4.2 The cost of the Single Management Structure going forward has been apportioned by an even split across the three authorities. The single management structure includes the following posts:

- Tri-borough Director of Libraries and Archives
- Community Development Manager
- Operations Manager
- Reference and Information Manager

9.4.3 The reductions from the service efficiency model have been apportioned to the authority that they are deleted from.

9.4.4 The cost of the integrated core service has been apportioned by the number of libraries, weighted on a scale of 1-4.

9.4.5 Any service commissioned locally will be excluded from any apportionment model but will be managed by the Tri-borough Libraries Single Management Structure. Examples include the Music Library (WCC), Archives and Local Studies (RBKC) and the Prison service (LBHF).

9.4.6 This methodology is designed to apply to costs that are integrated between the boroughs, such as the Single Management staff. Costs that are not integrated, or apply to specific borough branches, will be incurred directly by individual boroughs and will fall outside this methodology.

9.4.7 The proposal approved by each Cabinet in June 2011 identified that savings would occur under three cost headings:

- **Single Management Structure-** combining the strategic management of each authority's library service within a management team of four, reducing the number of existing management posts by six.
- **Service efficiency-** Using a detailed transactional model and applying local operational and professional knowledge the number of staff required to operate each of the tri-borough libraries to the required service level can be established. Currently the model outlines that 174 posts are required to run a basic integrated tri-borough lending service (not including reference or specialist services), eight posts less than the current combined staffing establishment.
- **Integrated core service-** An outline target operation model for the combined service has been drafted. This model will provide a basic service implemented across all authorities. Additional services can then be commissioned locally by individual managers.

9.4.8 The tri-borough Libraries and Archives Services is a fully integrated service and cost apportionments will be applied depending on three expenditure types detailed.

9.4.9 As the Tri-borough Library Service is delivering a fully integrated service the overall tri-borough budget shall be the responsibility of the single management structure including pooled and un-pooled costs.

9.4.10 All tri-borough costs shall be consolidated and apportioned as per the agreed methodology outlined.

9.4.11 All locally commissioned activities costs shall be costed directly to the borough commissioning the service and the single management structure will have full budget and operational responsibility and control.

9.5 Environment Services

9.5.1 The finance methodology is designed to apply to costs that are pooled between the two boroughs, i.e. shared managerial staff, and a service resilience budget. No other costs are planned to be pooled at this stage. If future service reviews determine that certain costs will be pooled then this agreement will need to be varied to take that into account. Costs that are not pooled will be incurred directly by the individual boroughs and will fall outside this methodology.

9.5.2 Implementation costs will be shared in proportion to the savings made by each borough. The proportions used will be calculated from the estimated savings.

- 9.5.3 The posts to be shared are set out in Table 3, together with the employing borough and the proportions that will be chargeable to each borough.
- 9.5.4 A pooled 'Service Resilience' budget will be created from 1st April 2012. Each borough will contribute £25k per year to form a £50k fund.
- 9.5.5 The two boroughs agree that the shared managers will be working on the business of both boroughs, and that the ratios being adopted (as set out in Table 3) represent a fair reflection of the work done for each borough.
- 9.5.6 The Service Resilience budget will be will be administered by the host borough. Any underspend or overspend on that budget will be shared equally between the boroughs.

Table 3

Bi Borough Management Structure	Bi Borough	LBHF	RBKC
	%	%	%
Executive Director for Transport and Technical services	0.40	0.20	0.20
Director for Environmental Health	1.00	0.50	0.50
Director for Transport and Highways	1.00	0.50	0.50
Head of Parking	1.00	0.50	0.50
Head of Transport Policy & Network Management	1.00	0.50	0.50
Head of Highways & Projects	1.00	0.50	0.50
Head of Environmental Health Commercial	1.00	0.50	0.50
Head of Environmental Health Residential	1.00	0.50	0.50
Head of Licensing & Trading Standards	1.00	0.50	0.50
Executive Director for Environment, Leisure and Residents Services	1.00	0.50	0.50
Director for Cleaner, Greener and Cultural Services	1.00	0.40	0.60
Director for Safer Neighbourhoods	1.00	0.75	0.25
Head of Culture	1.00	0.25	0.75
Head of Waste and Street Enforcement	1.00	0.50	0.50
Head of Leisure and Parks	1.00	0.50	0.50
Head of Community Safety	1.00	0.75	0.25
Head of Business Support	1.00	0.75	0.25
1 Programme Manager until 31/3/13	1.00	0.50	0.50
Total	17.40	9.10	8.30

Tri-Borough Business Case and Cost Apportionment

- 9.6 Agreement to enter into the Tri-Borough Legal Agreements will enable the full implementation of the Tri-Borough initiative, which is projected to save £33.4m of ongoing savings across the three boroughs from 2015/16 onwards. Costs of £4.37m were estimated in the June 2011 Cabinet Reports. This was for programme and project implementation and the associated redundancy implications. These costs will be carefully monitored.

As mentioned elsewhere in this report, costs apportionment methodologies have been agreed for the respective service areas. These will be monitored for applicability through the implementation phase of the programme for their robustness.

10. CONSULTATION

- 10.1 Extensive consultation has taken place in order to satisfy the requirements of s.113 described above and the Council's wider employment law duties. Consultation on proposals for bi or tri-borough re-organisations with staff and their recognised trade union representatives is carried out in accordance with the Councils' statutory obligations as required under appropriate employment law provisions primarily the Trade Union and Labour Relations (Consolidation) Act 1992 and the Employment Rights Act 1996 as amended. This is supplemented by a set of overarching HR policy principles adopted by the three boroughs contained within the Tri-Borough HR Policies Agreement.
- 10.2 Consultation mechanisms on proposals to re-organise and integrate teams across either the two or three partner boroughs follow established and generally consistent principals overseen by a Joint Management and Trade Union Tri Borough Forum consisting of the HR Directors of the 3 partner Councils and representatives (both at regional and branch level) of the three Councils' recognised trade unions. A copy of the Terms of Reference for this group is attached at Appendix 2. Consultation in practice consists of the introduction of such proposals initially to the Forum for initial comment followed by staff and trade union consultation within the relevant service areas and includes team consultation meetings, individual one-to-one consultation meetings, briefing and updates. Documentation is also made available electronically to the relevant staff groups and Trade Unions and usually includes the written proposals (rationale document) and other associated documentation including current and revised job descriptions, staff assimilation tables, regularly updated sets of staff question and answers, current and proposed structure charts. Consultation either takes 30 or 90 days depending on the numbers of staff affected in the establishment. Following consultation, implementation of the proposals (original or as amended) takes place. The three Councils mitigate against any compulsory redundancies in a variety of ways including but not exclusively seeking volunteers first and through tri-borough redeployment processes and other opportunities.
- 10.3 A Tri-Borough HR Working Protocols document has also been established which supports managers and staff by giving further clarity and detail on the creation and

operation of integrated teams as they affect the day to day employment issues of staff employed by one of the three boroughs and where such teams are managed by an employee of one of the 3 boroughs or their partners. The protocol reflects the fact that those managers managing integrated teams will need to be clear about the contractual terms of the staff they manage but who are employed by one of the other two boroughs.

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

Draft Legal Agreements

[Note: Please list only those that are not already in the public domain, i.e. you do not need to include Government publications, previous public reports etc.]

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