




Executive Decision Report

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	Full Cabinet: Date of decision: 7 April 2014	
	<i>Insert Full Cabinet, Cabinet Member for X or Director for X as appropriate</i> Date of decision (i.e. not before): <i>[insert]</i> Forward Plan reference: <i>[insert]</i>	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
	Full Cabinet 24 February 2014	 City of Westminster
Report title (decision subject)	DEVELOPING TRI- BOROUGH CORPORATE SERVICES	
Reporting officer	Jane West, Executive Director of Finance and Corporate Governance	
Key decision	Yes	
Access to information classification	Public report.	

1. EXECUTIVE SUMMARY

- 1.1 The Tri Borough Leaders agreed on 13 February 2014 to establish Tri Borough Corporate Services. In addition they agreed to undertake further work on the risks and benefits of a range of detailed business propositions for particular services. Those services agreed to be within remit of the detailed business planning exercise include:
- Human Resources
 - Procurement
 - Legal Services
 - Revenues and Benefits
- 1.2 The new Corporate Services will also include relevant functions which are already being delivered on a Tri Borough basis, namely the Tri Borough Treasury / Pensions function, an Audit and Fraud function and an ICT function where a Tri Borough Chief Information Officer is already in post and developing proposals to extend the function further. It will also include the Innovation and Change Management Team based in H&F.
- 1.3 It is further recommended that a Bi-borough Customer Services function is established for H&F and RBKC.
- 1.4 It is recommended that the Chief Executive of Westminster City Council acts as the SRO and lead for the programme, with work on planning and implementation undertaken by the s151 officer of the London Borough of Hammersmith & Fulham.

2. RECOMMENDATIONS

- 2.1 That the three Cabinets agree with the principle of the establishment of Tri Borough Corporate Services.
- 2.2 That the three Cabinets appoint the Chief Executive of Westminster City Council to be the SRO overseeing the development of detailed business plans, including the establishment of necessary business cases, for the creation of Tri Borough Corporate Services.
- 2.3 That the three Cabinets endorse the decision of the Chief Executive of Westminster City Council to appoint the s151 officer from the London Borough of Hammersmith and Fulham to undertake the consequent planning and implementation of the Tri-borough Corporate Services, plus day to day line management of Legal Services, Human Resources and Procurement in Westminster City Council on an interim basis.

- 2.4 That further reports with detailed business cases for Tri Borough Corporate Services be provided to all three Cabinets in due course for formal agreement.
- 2.5 That a budget of £210,000 is allocated by each Council, funded from the Efficiency Projects Reserve in H&F.
- 2.6 That in accordance with a previous delegated decision, the s151 officers in the three boroughs are requested to approve all s113 agreements required to underpin Tri-borough Corporate Services.

3. REASON FOR DECISION

- 3.1 The creation of Tri-borough Corporate Services will deliver greater efficiencies, additional annual savings and contribute to the shared objective of safeguarding front line services.

4. BACKGROUND, INCLUDING POLICY CONTEXT

- 4.1 The Tri Borough partnership was formally announced in late 2010. At present the scope of the partnership includes Children's Services, Adult Services, Public Health and Libraries, which are all delivered on a Tri-Borough basis and have unlocked efficiencies and a range of savings which will exceed £40m per annum across the area by 2015.
- 4.2 The creation of Tri Borough Corporate Services was endorsed by the Leaders of the Tri Borough authorities on 13 February 2014. This builds on the work already underway in Corporate Services across Tri-borough which is on track to deliver £13 million in savings by 2015.

5. FINANCIAL IMPLICATIONS

- 5.1 Initial modelling indicates potential savings of £2.8 million per annum across the Tri Borough area by 2015/16 with significantly greater savings to follow in subsequent years pending the findings of the detailed business planning exercise and agreed business cases.

Savings identified to date

Corporate Services area	Savings identified to be delivered by 2015/16 £s
Senior Management	74,000
Legal	716,000
Human Resources	420,000
Procurement	680,000
Revenues and Benefits	216,000
Bi-borough Customer Services	687,000
Total	2,793,000

- 5.2 As examples of further potential future savings, research undertaken to date indicates the following savings would be accrued through the establishment of Tri Borough Corporate Services:

Human Resources – centralising training budgets would be expected to deliver a saving of 10% in each borough.

Procurement – a more centralised procurement function across the Tri Borough area would be expected to yield an 8 to 10% reduction in annual addressable spending. It is estimated that the total addressable spend could be as much as £200m including schools, Housing Revenue Account and capital spend. Work is underway to more accurately assess the potential for general fund savings through the implementation of an improved model, which mitigates against any potential double counting with savings attributed to departmental budgets.

Legal – a further £50k saving would be expected through creating a single business support team. Additional savings beyond this sum may also be achievable through outsourcing some routine work such as property and re-tendering some contracts on a Tri Borough basis. There is also potential to unlock increased income arising from the greater capacity and skills available in a Tri Borough service.

Revenue and Benefits – a 5% savings in total Revenues and Benefits costs (delivering annual savings in excess of £1m) following the overall review of client-side and operational services and also through the future tendering of Revenue Services.

- 5.3 A Portfolio Team has been established to support the Tri-borough Corporate Services programme. The budget for this team needs to be extended to October

2015 to complete this work. This requires further budget to be identified across the three Councils of £483,725 or £161,000 for each Council. The details are set out in the table below.

Portfolio Team Cost

	Int / Ext	Daily Cost	Days	Cost (£)
External Spend				
Portfolio Manager	External	£600	275	£165,000
Portfolio Office Manager	External	£575	275	£158,125
Portfolio Business Change Manager	Internal	£550	192	£105,600
Portfolio Communications Lead	Internal	£500	110	£55,000
Total External				£323,125
Maximum Backfill costs				£160,600
Total Cost				£483,725
Budget required per borough				£161,000

- 5.4 There are also some project level costs that need to be funded totalling £147,000 or £49,000 per Council.

Programme costs

Project	£
Review of Procurement	36,000
Procurement Project Manager	30,000
Legal Project Manager	51,000
Administration Project Manager	30,000
Total	147,000
Budget required per borough	49,000

- 5.5 It is recommended that £210,000 is set aside by each borough to meet these costs. It is recommended that in H&F this funding is transferred to the programme from the Efficiency Projects Reserve.
- 5.6 Implications confirmed by Jane West, Executive director of Finance and Corporate Governance, LBH&F. ext. 1900.

6. LEGAL IMPLICATIONS

- 6.1 The legal model for the creation of a Tri Borough service will involve the use of Section 113 of the Local Government Act 1972, under which a local authority may enter into an agreement with another authority for the placing at the disposal of the latter officers employed by the former, on such terms as may be provided for by agreement. That is consistent with the model for existing Tri-Borough arrangements.
- 6.2 Implications confirmed by Tasnim Shawkat, Bi-borough Director of Law, tel. 020 8753.2700.

7. STAFFING IMPLICATIONS

- 7.1 The integration of the existing three borough Corporate Services into one Tri Borough service is likely to result in a reduction of posts. The staffing structure for the new Tri Borough Corporate Services will be developed in line with agreed Human Resources Protocols for Establishment and Working in Integrated teams. All posts in the new Tri Borough Corporate Service will be filled in accordance with the agreed policies for Tri Borough Working. Staff affected by these proposals will be ringfenced to posts in the new structure and every effort will be made to seek to redeploy staff and avoid redundancies wherever possible.

Arrangements are already in place to avoid permanent recruitment to vacant posts which may be affected by the proposals in this report.

8. CONSULTATION

- 8.1 There is no legal requirement to consult with the public. Leaders and Cabinet Members holding the Corporate Services portfolio responsibility have been consulted upon the proposals within this paper. Corporate Services Executive Directors have communicated the proposals to their senior management teams.
- 8.2 Staff and the trade unions will be consulted on the proposals in this report and consultation will be ongoing as the proposals are developed.

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

None