

CABINET

18 OCTOBER2011

Title: East London Solutions	
REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Heather Wills, Divisional Director Corporate Policy & Public Affairs	Contact Details: Tel: 020 227 2786 E-mail: heather.wills@lbbd.gov.uk
Accountable Divisional Director: Heather Wills, Divisional Director Corporate Policy & Public Affairs	
Accountable Director: Tracie Evans, Corporate Director Finance & Resources	
Summary: <p>This report advises Cabinet on how the East London sub region is moving forward shared services. In 2009, East London Solutions was created covering Tower Hamlets, Newham, Redbridge, Waltham Forest, Havering and Barking and Dagenham, to focus on increasing sub regional activities in a structured approach.</p> <p>Since its creation, numerous joint procurements are being progressed and boroughs are also taking forward shared service opportunities as well as having improved communications.</p> <p>The Leaders and Chief Executives of each borough have met to review progress and given the proof of concept, have now agreed to raise the ambitions of the sub region and take forward some bigger collaborative projects which enable greater outcomes and savings. The Partnership arrangements are embodied within a Memorandum of Understanding which is in the process of being signed by the Leaders/Mayors.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Note the report; and(ii) Agree that the Council participate in and sign up to the revised ELS Memorandum of Understanding at Appendix A, subject to consultation with and the approval by the Divisional Director for Legal & Democratic Services of the final MoU terms.	
Reason(s) <p>To assist the Council in achieving its priority theme of being a Well-Run Organisation.</p>	

1. Introduction and Background

- 1.1 In 2009, East London Solutions was formed covering Tower Hamlets, Newham, Redbridge, Waltham Forest, Havering and Barking and Dagenham, to focus on increasing sub regional activities in a structured approach.
- 1.2 The purpose was to establish shared solutions, which create a range of opportunities for east London authorities to work together to achieve demonstrable improvement and efficiencies in service design, management and delivery and/or procurement and market management.
- 1.3 The aim was, through incremental change to prepare the ground for transformational change and innovation. The outcomes being targeted were:
 - Re-shaped services that better meet customer needs
 - Deliver greater efficiencies and savings to release funding for priority areas
 - Make better use of capacity and skills
 - Improve the ability to deliver services in partnership.
- 1.4 The above was set out in a memorandum of understanding signed by the boroughs and funding was secured from Capital ambition to fund a small programme office.
- 1.5 The approach adopted by the ELS programme office has had two main areas of focus:
 - Ensuring that authorities in ELS are aware of what opportunities exist, engaging where appropriate and maximising opportunities. This includes reviewing established information and metrics, providing challenge and improving communication and knowledge of what is there.
 - Taking forward shared services and procurement in a variety of ways from planning to aligning arrangements for future gain, examining business cases and actually implementing arrangements.
- 1.6 It has not been about trying to get all 6 of the authorities to agree to move with certain services at a specific time but to identify where two or three at the most have sufficient things in common to progress a shared service or opportunity such as joint procurement.
- 1.7 The activities being undertaken by the Programme office cover:
 - Communicating activity that is taking place.
 - Co-ordinating activity that is taking place at strategic level.
 - Ensuring opportunities to maximise shared service concepts are considered.
 - Facilitating the taking forward of shared services.
 - Promoting and brokering networking and collaboration between the participating boroughs.
- 1.8 A management group chaired by the Chief Executives of Havering with representation from each borough at Director Level meets every quarter to steer and oversee the work taking place. The programme office consists of 1.25 fte and is

peripatetic but has a base provided by Waltham Forest. Havering provides the ICT, Barking and Dagenham manage the resources and Newham provide the Website.

1.9 The current position

In respect of the work to date:

- Officer Boards were set up in a number of areas to scope and agree opportunities.
- Procurement has been a key area with over 20 joint procurements now progressing.
- A number of other shared arrangements are progressing e.g. joint posts.
- Business cases are being completed for different shared service arrangements.
- Communication and information exchange has increased across boroughs.
- The boroughs are now more engaged more in London-wide matters.
- There is a recognition that the sub region is delivering shared services.

1.10 Examples of what is taking place include

- Joint procurements include:
 - Highways and Street Lighting being a path finder for the London wide project
 - Children's Domiciliary Care
 - Semi Independent housing
 - Taxis
 - Construction
 - Minor works
- Newham are providing Translation services to ELS boroughs under a hosted Partnership Agreement.
- Children's Placements Pilot Project is in place to reduce Placements costs both in the long and short term.
- Three boroughs have appointed a joint Principal Educational Psychologist
- Newham and Havering have a shared ICT arrangement
- Two boroughs are merging print units
- Three boroughs are working together on customer services systems and processes

1.11 The Capital Ambition funding has virtually come to an end and now that the boroughs have proof of concept, they have agreed with effect from 2011/12 to core fund the ELS programme office by borough contributions of £20k each.

2. Proposal and Issues

2.1 Leaders and Chief Executives have met to review work to date and to consider how ELS should move forward. During this meeting:

- There was a commitment to shared services
- There was a recognition it takes time and not all have to be involved at the same time or in all things given local circumstances
- There had clearly been successes in working sub regionally

- There was a belief that the sub region should look at bigger opportunities which would provide bigger prizes. There was a need to be clear on the prize and what should be the priorities so there was a focus.
- There was a recognition that procurement and social care were the biggest spend areas.

2.2 With this clear appetite to raise the ambitions of the sub region and take forward some bigger collaborative projects which enable greater outcomes and savings, the Leaders agreed:

- To receive more detailed proposals on procurement organisational opportunities at the next meeting.
- At the same meeting to receive feedback on the results of what had taken place on aspects of adult and children's social care commissioning along with how this could be extended.
- To commit up to £20k to move the procurement and commissioning activity into more ambitious projects.
- To meet quarterly for the next year and agree a programme of work.
- To agree a new Memorandum of Understanding which would be signed by the Leaders. This is attached as Appendix A.

2.3 Leaders and Chief Executives recognised the importance of communication within the boroughs and that this needed to be consistent. Briefings have since been prepared along with the content of this report for use by all the boroughs.

2.4 The Leaders also recognised the important part other Members had to play in moving forward shared services and have requested that the Chief Executives propose a governance model to incorporate this for Leaders to review at their next meeting.

3. Options appraisal

3.1 There are two options open to the Council, to continue to participate in East London Solutions (with the associated financial implications) or to withdraw.

3.2 Continued participation in East London Solutions does not prohibit the Council to seeking joint working arrangements with other local authorities or organisations as may be most advantageous to the Council. It is considered that the financial contribution to be made to East London Solutions offers best value in light of the potential savings to be achieved through this route.

4. Consultation

4.1 This report has been prepared in consultation with the other member boroughs of East London Solutions.

5. Financial Implications

Implications verified by: Jo Moore, Finance Manager

5.1 Capital Ambition funding of £338k was secured as seed funding to create East London Solutions. This funding has been utilised and now that the boroughs have proof of concept, the boroughs have agreed to core fund the programme office at a

cost of £20k per annum. The total costs of the programme office are £120k. The personnel are not permanently recruited in order to provide flexibility as matters evolve and the current arrangements have been put in place until 31 March 2013.

- 5.2 As well as the non-financial outcomes being delivered such as increased knowledge and sharing between boroughs, the financial outcomes include:
- Cost avoidance
 - Non cashable savings
 - Cashable savings
- 5.3 The work to date assessed so far suggests that efficiency savings identified up to March 2014 may amount to some £20m.
- 5.4 Each borough makes its own arrangements to review financial savings and ensure these are accounted for within its own budget strategy e.g. assisting in implementing savings plans already agreed or providing new savings to include in borough budget strategies. If ELS as a whole is judged not to be achieving the outcomes set out the management group will consider changes to its method of operation and ultimately its future.
- 5.5 In addition, the Leaders have committed up to £20k from each Authority to specifically work on procurement and commissioning in a more ambitious way.
- 5.6 The work carried out by East London Solutions will be in conjunction with the Council's procurement arrangements under the joint venture contract. In the savings identified above there may be an element of gain share that will be attributable to Elevate but this will need to be considered on a case-by-case basis.
- 5.7 The London Borough of Barking & Dagenham will manage funding and payments. Funding and arrangements for other specific projects are agreed as and when necessary.

6. Legal Implications

Implications verified by: Eldred Taylor-Camara, Legal Group Manager

- 6.1 A Memorandum of Understanding for the ELS signed by each of the partner boroughs has been in place since 2009. Changes within the composition and governance structure of ELS as detailed in this report are being proposed. It is proposed that once agreed, the revised MoU will be again be signed by each borough. The draft MOU is attached as Appendix A.
- 6.2 This arrangement is not a partnership as defined in the Partnership Act 1890 and there is no intention to create such a partnership under this MoU.
- 6.3 It is important that the terms of the revised MoU are reviewed and agreed by each borough following receipt of legal advice from their respective legal advisers. The draft MoU is being reviewed by LBB Legal Practice with a view to reaching agreement with the other Boroughs.

7. Other Implications

7.1 Risk Management

7.1.1 There would be a need to consider risk on a case by case basis and to ensure that appropriate risk mitigation measures were put in place wherever a shared services project was pursued.

7.2 Contractual issues

7.2.1 There would be a need to consider existing contractual arrangements on a case by case basis.

7.3 Customer Impact

7.3.1 The delivery of the projects will ensure that no individual or group are discriminated against or disadvantaged by the work being undertaken. This applies equally to employees of the council, external customers and those we work in partnership with.

7.3.2 Central to the work is to value diversity in our communities, promote an inclusive society and oppose all form of intolerance and prejudicial discrimination, whether it is intentional, institutional or unintentional. The partnership is therefore committed to:

- Working in partnership with all boroughs to ensure they are fully involved in democratic decision making processes;
- Opposing all forms of prejudicial discrimination
- Ensuring all council services are shaped to meet the different needs of our communities.

7.4 Safeguarding Children

7.4.1 In entering into any arrangements the Council would need to satisfy itself that these new arrangements pay sufficient regard to safeguarding both children and vulnerable adults.

7.5 Health issues

7.5.1 In entering into any arrangements the Council would need to satisfy itself that these new arrangements pay sufficient regard to tackling the health inequalities of Barking & Dagenham residents. Particular attention needs to be paid to any health impact assessments that are undertaken to ensure that in aggregating the results across the proposed geographic area that the particular needs of Barking and Dagenham are not masked.

7.6 Crime and disorder issues

7.6.1 In entering into any contractual arrangements due regard would have to be given to S17 of the Crime and Disorder Act, particularly in terms of commissioned services and their location to avoid unreasonable clustering of services that may impact adversely on local residents and services.

7.7 Property/ asset issues

7.7.1 The potential to share properties and assets with others will be considered on a case by case basis, subject to the development of a robust business case.

8. Background Papers Used in the Preparation of the Report:

None

9. List of appendices:

Appendix A: Memorandum of Understanding