

ASSEMBLY

5 December 2012

Title: Joint Management	
Report of: The Chief Executive	
Open	For Decision
Wards Affected: All	Key Decision: No
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Accountable Divisional Director:	N/A
Accountable Director:	The Chief Executive
Summary: <p>Officers have been considering the potential for joint management between Barking and Dagenham Council and Thurrock Council. This report sets out a process for moving forward on some aspects of joint management in order to make significant revenue savings for both Councils.</p> <p>The steps outlined will enable the benefits of joint management to be tested and will provide Members with information about the advantages and disadvantages, and the savings to be achieved, before further proposals are developed.</p> <p>This report also confirms the Governance Guarantee that provides Members with a high degree of comfort about the continued separation of governance structures and budgets.</p>	
Recommendation(s) <p>Assembly is recommended to agree:</p> <ol style="list-style-type: none">1. the continued shared legal services structure and the joint role of Head of Legal Services and Monitoring Officer between this Council and Thurrock Council;2. that officers should continue to develop options for both joint management and shared services between this Council and Thurrock Council to save at least £1m across both Councils;3. that officers should continue to explore options for shared services with other councils as is most appropriate for each service; and4. that the Governance Guarantee be adopted for all joint management and shared services agreements.	

Reason(s)

To enable further work to be carried out on joint management and formal proposals to be brought forward to the Cabinet.

1. Introduction and background

- 1.1 In July 2012 it was agreed that the Chief Executive of Thurrock Council would act as Chief Executive of this Council on an interim basis and that further opportunities for joint management would be explored. This was intended to demonstrate the possibilities and options of building on the existing shared Legal Services and Monitoring Officer between the two Councils. Since then senior managers have been considering the opportunities and savings that might be derived from joint management.
- 1.2 The Chief Executive has concluded that significant savings can be made within the senior management structures of both Councils through joint management and that there are some short term opportunities that should be taken to drive savings and efficiencies through the management of the two Councils. These opportunities are set out in more detail in this report and the specific aspects will now be worked up into more detailed business cases for consideration by the Cabinet of each Council.
- 1.3 This report sets out an overview of the options for joint management or shared services that this Council has available to reduce costs and spread the senior management overhead costs more broadly across services.

2. Proposal and issues

- 2.1 In addition to the shared Chief Executive and Monitoring Officer roles this Council currently has a number of shared services in place with other authorities, examples being a shared Youth Offending team with Havering and a joint team with Waltham Forest to deal with emergency planning and business continuity.
- 2.2 This Council has also entered into a Memorandum of Understanding with East London Solutions made up of the London Boroughs of Havering, Newham, Redbridge, Tower Hamlets and Waltham Forest to examine the opportunities for sharing services with one real time project being the Oracle R12 upgrade.
- 2.3 The opportunities to make savings amongst senior managers are limited due to the range of services that this Council provides, unless the roles of each senior manager are broadened to include a number of services that are not within the professional experience of most directors. This has been the structure that this Council, and most others, have adopted in the past, with the significant disadvantage that the professional expertise needs to be provided by increasingly senior Heads of Service or Divisional Directors under the direction of "Strategic Directors" which is a more expensive structure overall.
- 2.4 Given the reduction in services that are being required to meet the financial reductions being imposed on local government, it is more appropriate to consider sharing managers geographically in order to maintain the professional expertise

that is required. Therefore officers have been actively exploring the opportunities for joint management that are available through working with Thurrock Council.

- 2.5 There are now a wide range of joint management arrangements between councils across the country, although most are between district councils. There is one top-tier sharing of a senior management team which is well underway between the Royal Borough of Kensington and Chelsea, the London Borough of Hammersmith and Fulham and the City of Westminster. Those joint management arrangements have progressed into a range of shared services, although the overall arrangements are not as simple as having a single management team running all three councils. Some of the district arrangements are between councils with opposing political administrations and some do not have shared geographical boundaries, neither of which creates insurmountable problems.
- 2.6 It is important to differentiate between “joint management” and “shared services”.
- Joint management is where a manager is jointly appointed at two or more councils to oversee services and to provide management and direction within the existing separate governance frameworks.
 - Shared services describes the delivery of a single service to two or more councils.

Most councils now have a range of shared services in place with a range of partners. This generally achieves efficiencies and cost reduction through increasing scale. However it does not address the issue of spreading management overhead costs which joint management is intended to address.

3. Initial Steps in Joint Management and Shared Services

- 3.1 Having spent the last four months reviewing the options and discussing the potential with officers and members it is clear that we now need to take a decision in order to re-stabilise the senior management group in both Councils and to enable savings to be delivered within the 2013/14 revenue budget, either through joint management and some shared services, or by alternative service cuts if necessary.
- 3.2 Officers have explored a range of options, working with members from both authorities, to develop an acceptable model for joint management. It is proposed that we utilise existing opportunities and vacancies at senior management level to bring together the management of the two councils in order to deliver financial savings. There are minimal costs of change at a senior level given the use of existing opportunities, although efficiency savings through merging services as set out below will incur some costs of change, as with all other reductions. However these will be assessed and reported to the Cabinet prior to any specific decision being implemented, in the usual way.

Significant savings can be identified through jointly managing the central strategic and regeneration services as follows:

- 3.2.1 Continuation of joint Head of Legal Services and Monitoring Officer – with additional costs of approximately £100,000 to be shared if the two Councils

were to decide to separate these arrangements, and a reduction in service quality.

3.2.2 On-going shared Chief Executive – saving approximately £200,000 per year, including executive support, to be shared between the two Councils equally.

3.2.3 Central Policy Performance and Communications Team – savings of up to £350,000 through reducing the central Policy, Performance and Communications teams to a core minimum with those teams serving both Councils equally.

3.2.4 Central Finance Functions – savings of approximately £400,000 between the two Councils due to the potential to delete the Director of Finance function in Barking and Dagenham and to have two separate core finance teams working alongside each other with a range of shared services including insurance and treasury management.

3.2.5 Organisational Development and Training, by developing a single organisational development programme, common internal values and by a single co-ordinated programme of professional development for social care staff – savings of a least £150,000 can be identified.

3.2.6 There are also two senior management vacancies that are currently forecast which can be cut under joint management arrangements with the benefits being shared between the two Councils.

3.3 Overall these savings total over £1m to be shared between the two Councils. Further savings of up to £2m are expected to be identified as the review of joint management proceeds and as the structure continues to develop. Further opportunities for efficiencies through joint management and shared services will be identified.

3.4 **Governance Guarantee** – The Governance Guarantee set out in **Appendix 1** is recommended to be adopted by this Council for all joint management and shared service arrangements. This will ensure that any fears of loss of control by Members will be prevented and that the governance of this Council will not be diminished or diluted by the use of joint management or the implementation of any further shared services.

3.5 **Exit Arrangements** – Exit arrangements will need to be developed for each agreement that is reached, including an appropriate notice period should either Council wish to terminate a specific shared service or joint management arrangement. These exit arrangements will be specified within each business case when it is brought to the Cabinet for decision.

4. Options Appraisal

4.1 The options available to the Council should it not support the recommendations in the report range from limiting the joint management arrangements to the current position of sharing the Chief Executive and the Monitoring Officer to withdrawing altogether from the idea, neither of which are supported on the basis of both the

financial imperative to make budget savings whilst seeking to protect as far as possible front line services across both authorities.

5. Consultation

- 5.1 There has been regular and ongoing dialogue with senior managers, informal staff groups and members. Formal staff consultation will be carried out on each specific business case after approval by the Cabinet, when they are brought forward.

6. Financial Implications

Implications completed by Ranjit Solomon

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The financial implications of each stage of the process of moving towards shared or merged services will need to be considered at the appropriate point. Any savings which arise as a result of the proposal will be considered as part of this Council's Medium Term Financial Strategy.

7. Legal Implications

Implications completed by David Lawson

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There are no direct legal implications at this stage.

8. Other Implications

None

Background Papers Used in the Preparation of the Report:

None

List of appendices:

Appendix 1: Governance Guarantee