

Environment Overview and Scrutiny Committee
2nd March 2011
Joint Waste Governance Arrangements

Appendix A

DRAFT OUTLINE BUSINESS CASE FOR JOINT WORKING IN DEPOT SERVICES

CHELTENHAM BOROUGH COUNCIL
AND
TEWKESBURY BOROUGH COUNCIL

1. BACKGROUND AND STRATEGIC CONTEXT

The Local Government and Public Involvement in Health Act 2007 stressed the importance of implementing effective working arrangements in two tier administrative areas such as Gloucestershire to deliver increased efficiencies and improved outcomes. It set goals for two tier areas to deliver shared back office functions and integrated service delivery mechanisms.

Both Cheltenham Borough Council (CBC) and Tewkesbury Borough Council (TBC) have been examining options for joint working in waste services as members of the Gloucestershire Waste Partnership. The Joint Municipal Waste Management Strategy 2007 – 2020 makes a clear commitment to partnership working to make waste management more sustainable, including the development of service delivery partnerships with other authorities and the private sector. Both councils subsequently considered and accepted a detailed business case that outlines a programme of change to deliver significant efficiency savings across the partnership, with savings being achieved on both collection and disposal budgets. The timeline for change and realisation of the full range of savings is stretched over a period of 10 years.

CBC and TBC are committed to improved service delivery and efficiency within their respective council vision and plans. CBC's corporate strategy 2010 – 2015 has as a key outcome that the council delivers cashable savings, as well as improved customer satisfaction overall and better performance through the effective commissioning of services. To do this CBC will work with other district councils to realise cost savings from shared services. TBC have also identified shared services as a key work stream.

Both councils have therefore been working together and with other authorities in Gloucestershire to identify opportunities for joint working. Currently, CBC and TBC share legal and building control services.

Given the immediate and acute financial pressure placed upon CBC and TBC both councils have expressed a desire to deliver cost savings from depot based services in 2011/12 without a reduction in service quality or standards. Efficiency targets have been included in the medium term financial strategies of both councils. In July 2010 both councils entered into a memorandum of understanding to build on the success of their depot sharing arrangement and to explore the option of shared service delivery in:

- waste and recycling

- street and other cleaning
- parks
- grounds maintenance
- fleet services

Due to the inherent synergy between grounds maintenance and cemeteries, the latter has also been included in the scope of this business case.

In September 2010, Cotswold District Council also expressed a desire to create a joint working arrangement with CBC and TBC and a revised memorandum of understanding was approved in November 2010. This set out terms that CBC and TBC should continue to work towards delivering efficiencies in 2011/12 but in such a way as not to inhibit the inclusion of Cotswold District Council in August 2012.

This business case is therefore focused on Phase 1 of joint working arrangements between CBC and TBC in 2011/12. Phase 2 is the delivery of further efficiencies through joint operational service delivery in 2012/13. The potential to include Cotswold District Council and wider partnership arrangements will be dealt with under separate cover.

2. BUSINESS CASE RATIONALE

The development of this business case stems from three key factors.

1. It is for each council to determine their own strategies, policies, service levels and standards, but the councils commit to a process of prior consultation and liaison when change is being considered. This business case is therefore limited to operational management and administration of service delivery.
2. Both councils have identified in their medium term financial strategy the need to deliver cashable savings from joint working in depot based services. These have been identified as £50,000 per authority in 2011/12 and a further £50,000 per authority in 2012/13. If these savings are not delivered through joint working then other potentially more damaging cuts will have to be identified.
3. From the Gloucestershire Waste Partnership there are possible longer term opportunities to deliver further efficiencies. The first of these may be the inclusion of Cotswold District Council in a tripartite shared service arrangement and this business case and the identified savings in 2011/12 have been developed in such a way as to retain flexibility and facilitate the transition to a tripartite service delivery model.

This business case is, therefore, an interim arrangement for the period June 2011 to August 2012.

3. AIMS AND OBJECTIVES

For joint working to be effective there must be a clear set of aims and objectives. This will guide the form of the partnership, control implementation of the business case and monitor progress and achievement.

The aim of the joint working arrangement is to create a single direct service management team which will deliver a high quality, sustainable range of 'in scope' services as well as

cashable savings without compromising the ability of each council to determine their own strategies, policies, service levels and standards.

The objectives are:

- a. To develop the joint working arrangement over time, taking a phased approach rather than a big bang implementation. This will assist with managing risk.
- b. To implement the joint working arrangements for 2011/12 as simply as possible and to provide flexibility to adapt to changing circumstances.
- c. Allow for the inclusion of other partners over time and in particular the inclusion of Cotswold District Council in August 2012.
- d. To deliver cashable savings of £50,000 per annum for each council in 2011/12 through reduced management and administrative overhead.
- e. To facilitate further cashable savings of £50,000 per annum for each council in 2012/13 through operational efficiencies.
- f. To enable improved cover for absence and staff turnover.
- g. To avoid duplication of effort in the implementation of statutory responsibilities e.g. health and safety risk assessments and safe working procedures.
- h. To build on the strong working relationship developed through shared depot and interim management arrangements and to share best practice.
- i. To achieve and sustain a high level of client satisfaction
- j. To improve service resilience and response to emergency situations
- k. To enhance the reputation of both councils within the Gloucestershire Waste Partnership and within the wider local government and public sector environment.
- l. To provide a value for money benchmark for any county wide joint service arrangement.

4. OPTIONS FOR JOINT WORKING

Officers have evaluated a number of options to deliver the specified aims and objectives. Outsourcing was considered but discounted for the following reasons:

- a. CBC are currently managing a significant programme of change to waste and recycling services. Outsourcing these services at this time would present significant risk.
- b. Comparison of unit prices for both councils compare favourably with similar councils who have outsourced.
- c. The uncertainty over the medium term financial strategy has strengthened the belief of both executives that direct control over service delivery will more easily and effectively deliver change and cashable savings.

- d. The process to outsource the services in scope is such that immediate cashable savings could not be delivered.
- e. Outsourcing is best evaluated once the partnership arrangements have matured.

For these reasons the focus has been on delivering the aims and objectives through continued in-house service delivery.

One option for this is through a full shared service arrangement. This would require an administrative arrangement under S101 of the Local Government Act 1972 – Delegation of functions into another council. Under this option one council (the lead authority) undertakes the functions of the other council under delegated powers set out in an agency agreement. The lead authority employs all staff and those staff who currently work for the council which has delegated its functions would transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). This option has been discounted for the following reasons:

- a. Entering into such an arrangement would remove a degree of flexibility because any changes will require variations to the formal legal agreements that have been entered into by the councils under s101. This may make it difficult for the inclusion of other partners at a later date (e.g. Cotswold District Council).
- b. The arrangement, whilst not permanent, does not provide a realistic short term exit strategy should it prove unsuitable to either party.
- c. The transfer of staff involves a lengthy process which may impact of the delivery of immediate cashable savings.

The least risk option on which this business case is constructed is that of localised joint management and administration arrangements through secondment of staff from both councils. This can be achieved through secondment arrangements under S113 of the Local Government Act 1972 up to a maximum date of August 2012. In this way each partner makes a equal contribution to joint working and risk is shared equally between the two councils.

The advantages of a secondment option are :

- a. It is a relatively simple process that can be completed within the required timescale.
- b. Risk is shared equally and there can be a short term exit strategy should either party consider that the arrangement is not delivering the desired outcomes.
- c. It is a flexible arrangement which can be easily changed.
- d. It will deliver the 2011/12 cashable savings identified in the MTFs of both councils.
- e. Set up costs are kept to a minimum and delivered within core budget.
- f. It will reduce duplication of effort in some tasks and streamline service delivery through joint planning, organisation and control.
- g. A shared management and administrative resource can rapidly flex staff to cover shortfalls and periods of peak demand.

The disadvantage of this approach is:

- a. The joint management and administration team will, in the short term, have to work with two sets of management and information systems, human resource policies and procedures, financial regulations and reporting systems. There are already some shared systems in place (i.e. the garden waste service database) and with reasonable adjustments this dual system arrangement can be accommodated.

5. IMPACT ON KEY STAKEHOLDERS

As there is no change to the policies, service levels or standards of either council there will be no impact on those customers who receive the services in scope. There is however a risk that reduced management and administrative resource will have an impact on non urgent response times. Frontline service delivery will continue to be branded as it currently is with the respective council being promoted in the area for which it is responsible.

Elected members of both councils will continue to have access to officers and to have an overview of the services in scope via the existing monitoring and reporting mechanisms.

The Trades Unions have been consulted regarding the impact on staff and will work closely with management through the implementation stage. Staff are aware of the outline proposal and further engagement will take place in line with the communication plan.

6. FINANCIAL BENEFITS

The cashable savings identified in the respective MTFS will be delivered in 2011/12 by suspending establishment posts that are currently vacant and distributing responsibility across the joint team, having first eliminated duplication of effort.

The savings generated by suspending establishment posts will be split equally between the two Councils in accordance with principles established in previous shared service arrangements. The same principle will apply to the sharing of one-off costs associated with the project and any in year variances between budget and actual.

The current annual employee costs of each council for the services in scope are summarised in the table below, along with the proposed employee costs and the variance.

	Current	Proposed	Variance
	£s	£s	£s
CBC	599,027	524,027	75,000
TBC	403,394	328,394	75,000
Combined	1,002,421	852,421	150,000

The posts that are currently vacant and will be suspended are:

Operational Service Manager, Waste and Recycling	- CBC
Bereavement Services Manager	- CBC
Customer Service Assistant (part time)	- CBC
Direct Services Manager	- TBC
Direct Services Supervisor	- TBC

The savings attributed to the suspension of the Customer Service Assistant (part time) post have already been built into CBC's 2011/12 base budget so the additional cashable saving to CBC is reduced to £63,000.

It is estimated that the project will incur costs of no more than £21,000 to cover the cost of IT amendments and employee costs for enhanced roles. As stated, these costs will be shared equally and have been taken into account when arriving at the figures shown in the table.

All operational budgets and the base budgets of the management and admin teams will remain with the respective Councils. Support Services to the newly formed Delivery Unit will remain with the respective Councils.

Costs of accommodation are subject to a separate agreement.

7. PROPOSED STRUCTURE

An existing structure chart for those CBC services in scope is attached as Appendix A. The corresponding chart for TBC is attached as Appendix B (Part 1 and 2).

The proposal is to second management and administrative staff into joint teams for waste and recycling, environmental maintenance (street cleaning and grounds maintenance), bereavement services (cemetery and crematorium) and shared depot administration. The other sections currently within the operations division of CBC remain unaffected – Green Space Development, Public Protection and Fleet Services – although further work will be done in 2011/12 to explore the potential for joint working efficiencies in these areas.

The joint service management team will be led by CBC's Assistant Director Operations who is currently also acting as Interim Head of Direct Service at TBC. Line management responsibility for each of the services in scope will rest with one person who will plan, organise and control operational service delivery across both districts and manage operational staff from both councils.

The proposed joint service management team and the proposed structure chart for each service in scope are provided as Appendix C.

8. MONITORING ARRANGEMENTS

The most appropriate monitoring arrangement for the operational management service set out in this report would be to establish a Senior Officer Board. This would provide a degree of flexibility to deal with operational issues that may arise during the interim period. The Board would consist of:

TBC Corporate Head of Community Development and Partnerships

CBC Strategic Director

and would be supported by the Head of Joint Service.

Terms of reference will need to be agreed but should include monitoring the working arrangements of the service. The financial benefits of the joint working arrangement will be monitored and reported through the respective finance systems and budget monitoring reports.

The Board is likely to meet as often as is necessary but not less than quarterly.

9. EXIT STRATEGY

The aim is to develop joint working arrangements and alternative business models and to allow for the inclusion of new partners. However, each party should be free to withdraw from joint working and therefore the arrangement may be terminated by either party by giving not less than 6 months notice in writing.

10. IMPLEMENTATION PLAN

A joint project team has been established consisting of key officers from both councils. This team will be responsible for implementation if the business case is approved.

Key milestones are provided as Appendix D.

11. COMMUNICATION ARRANGEMENTS

Monthly progress / project highlight reports will be made available to members and senior management. Regular reports will also be made to the respective corporate programme boards.

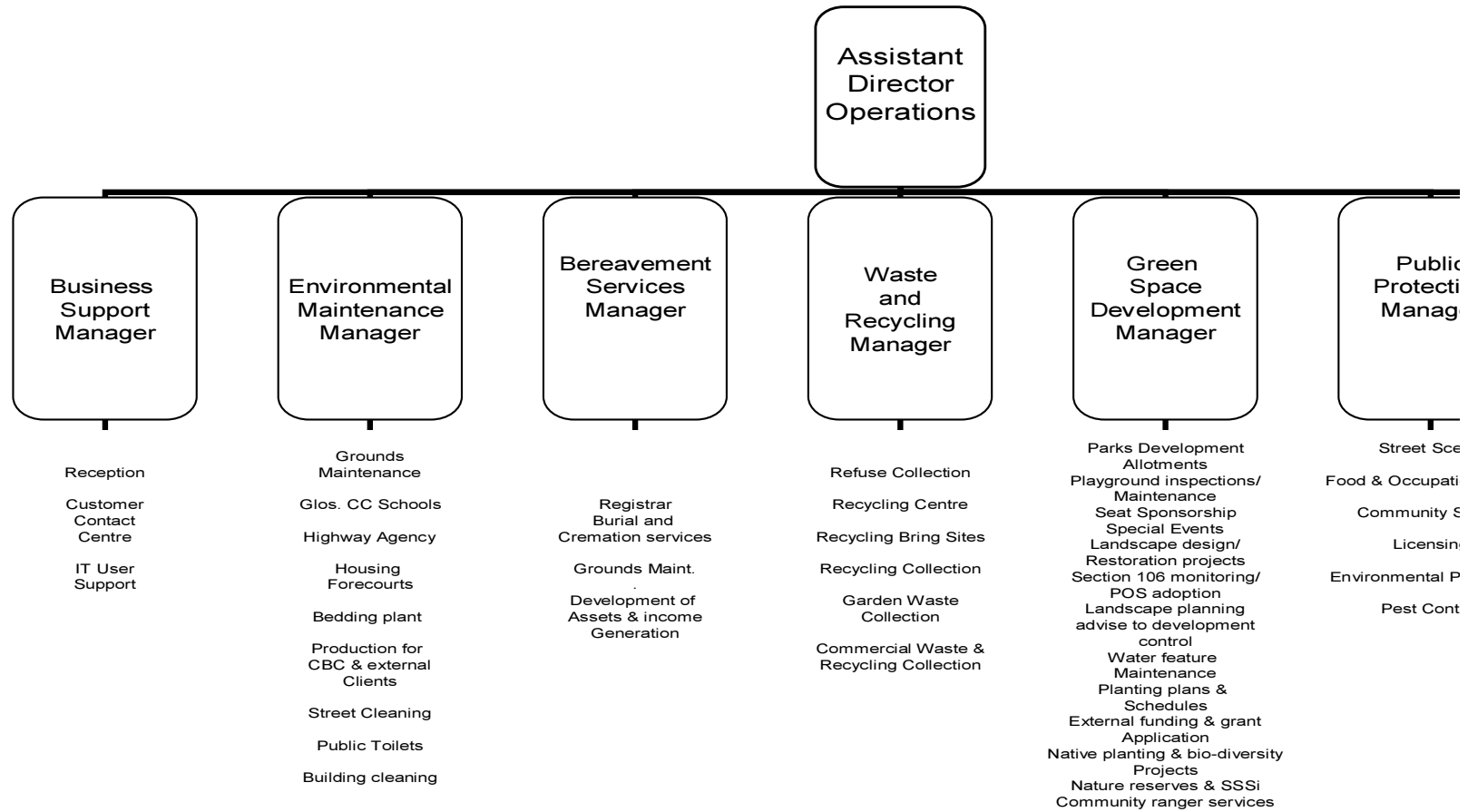
Trades Unions have been consulted through the Joint Liaison Forum and further meetings will be scheduled to agree the detail of the implementation phase.

Staff have been briefed and reacted positively to the outline proposal. Regular team meetings will continue throughout the duration of the implementation phase. Individual one to one meetings will be scheduled for each individual directly affected by this proposal to clarify and agree personal and team working arrangements.

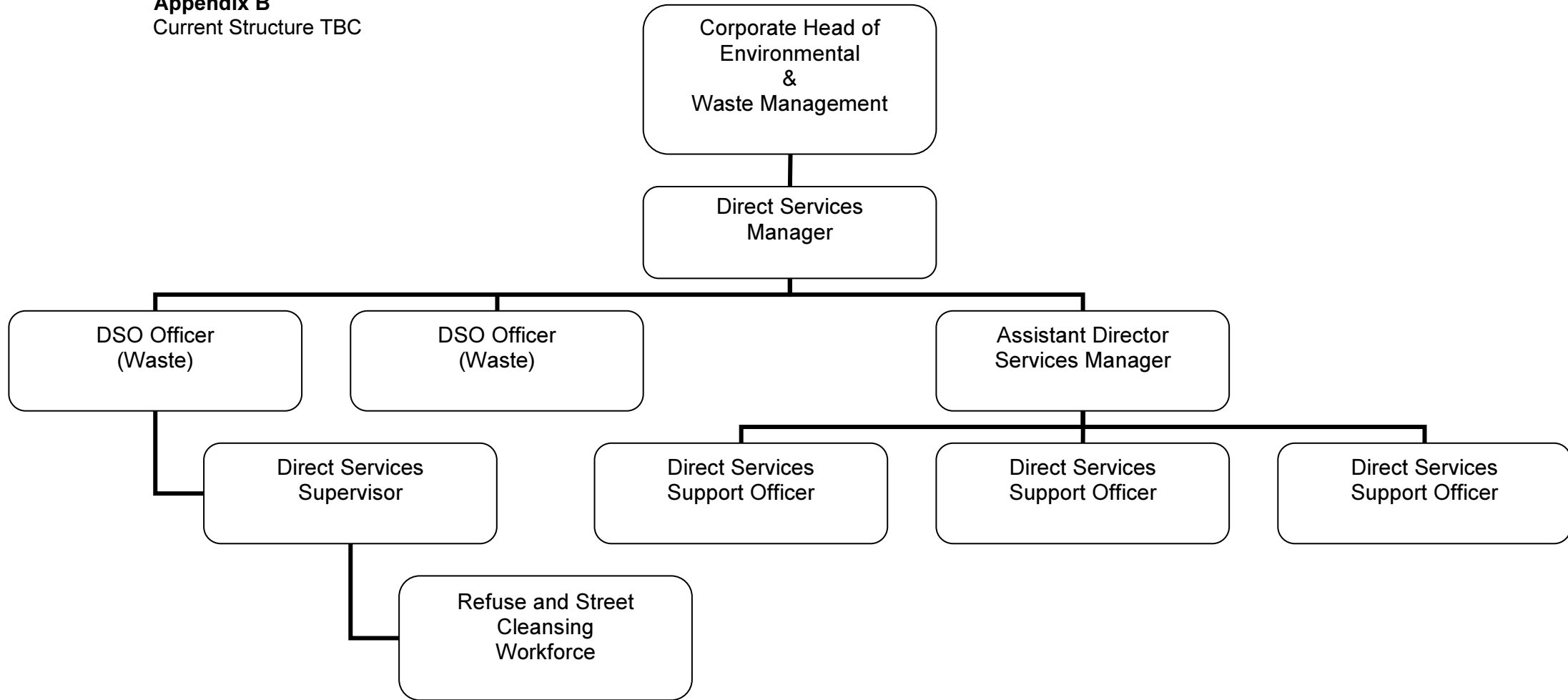
12. RISK

A risk register is provided as Appendix E.

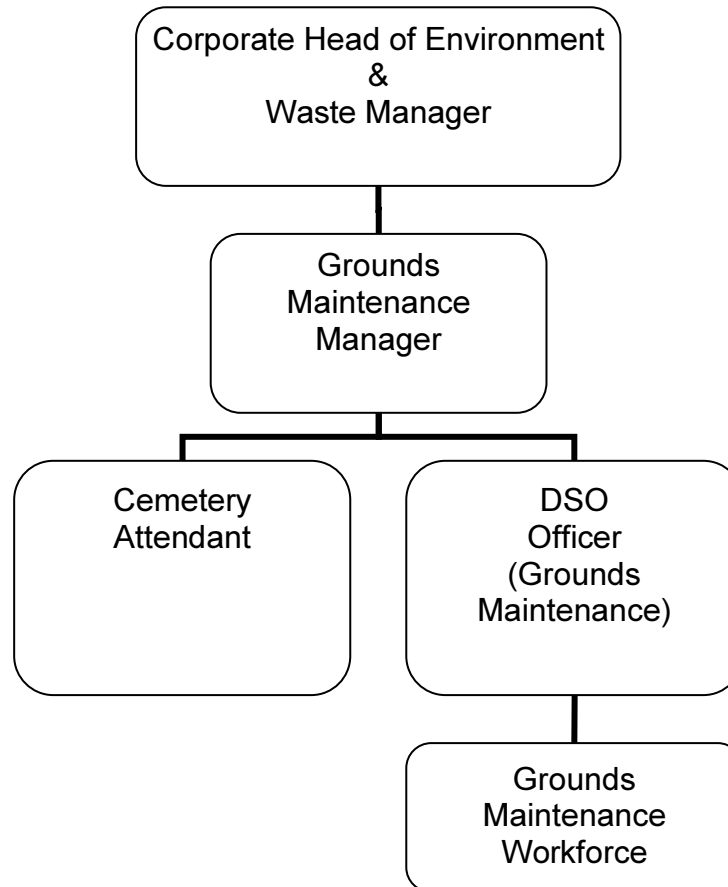
Appendix A
Current Structure CBC



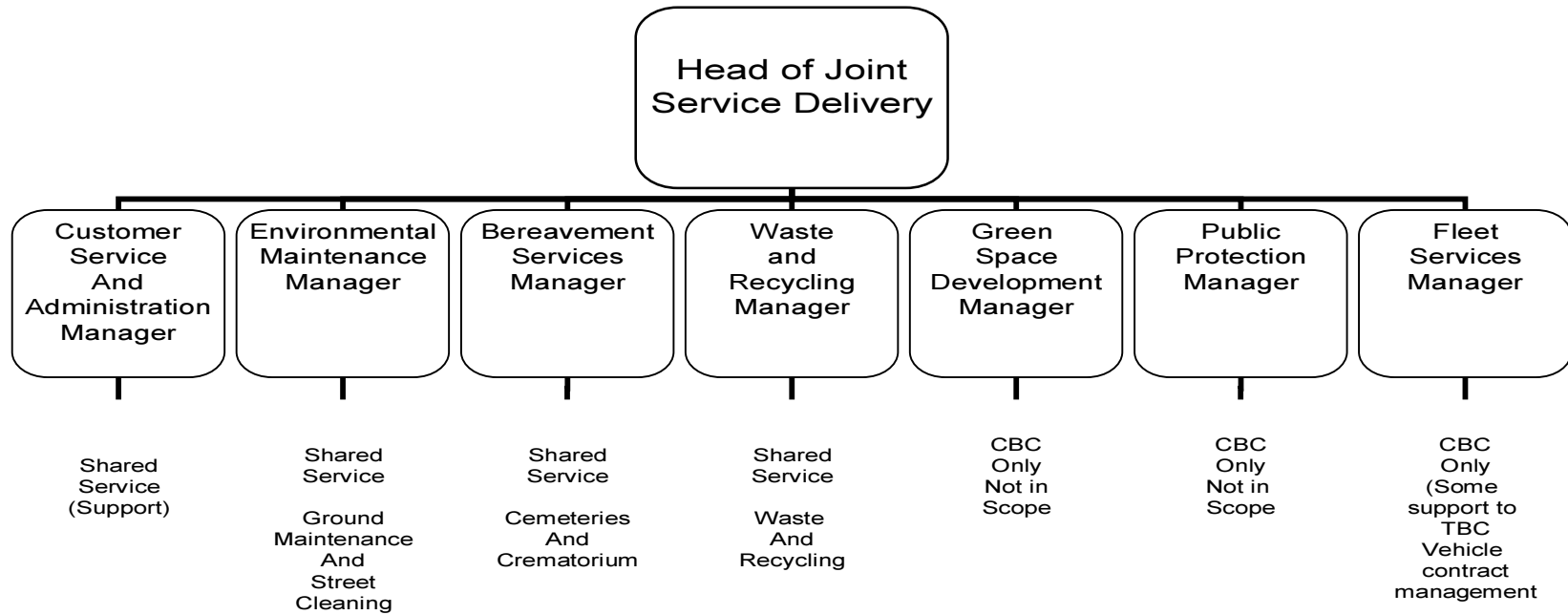
Appendix B
Current Structure TBC



Appendix B
Current Structure TBC

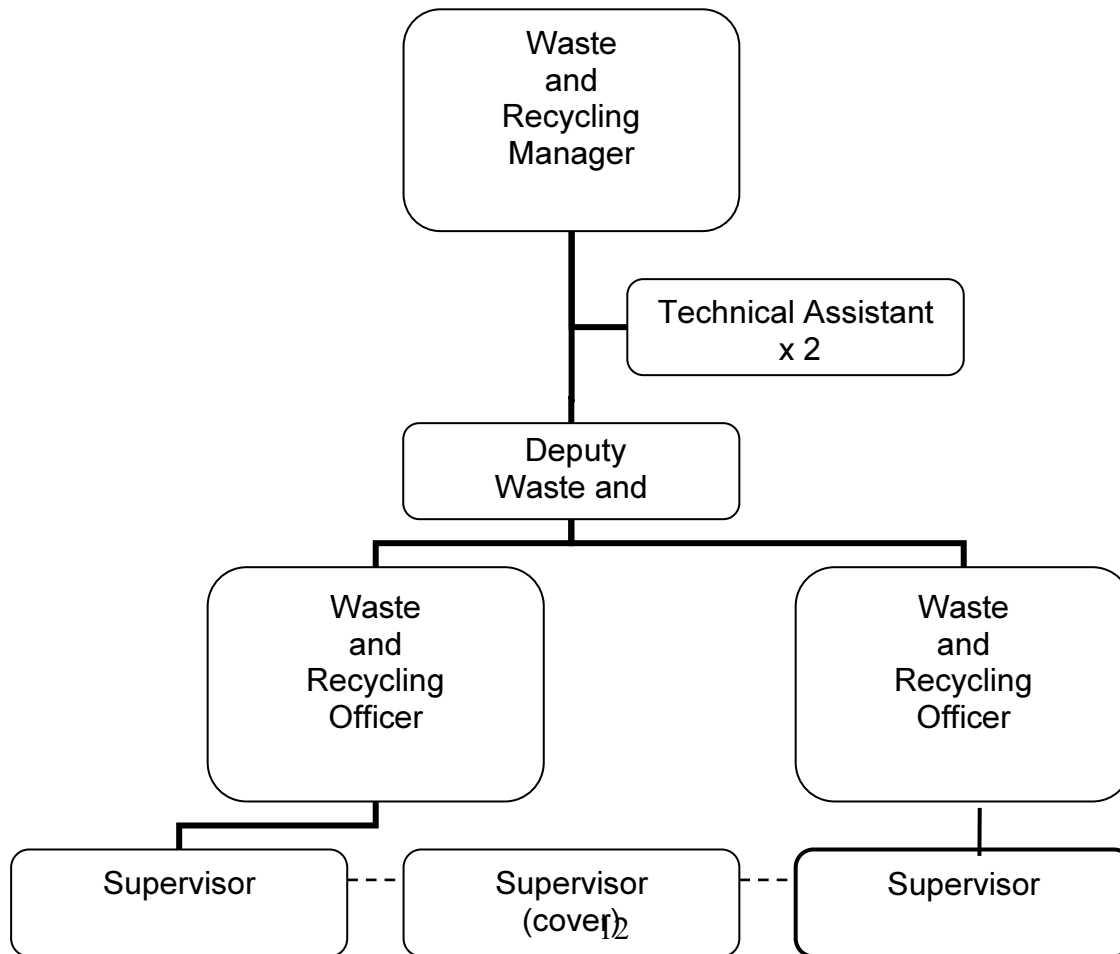


Appendix C
Proposed Management Team Structure

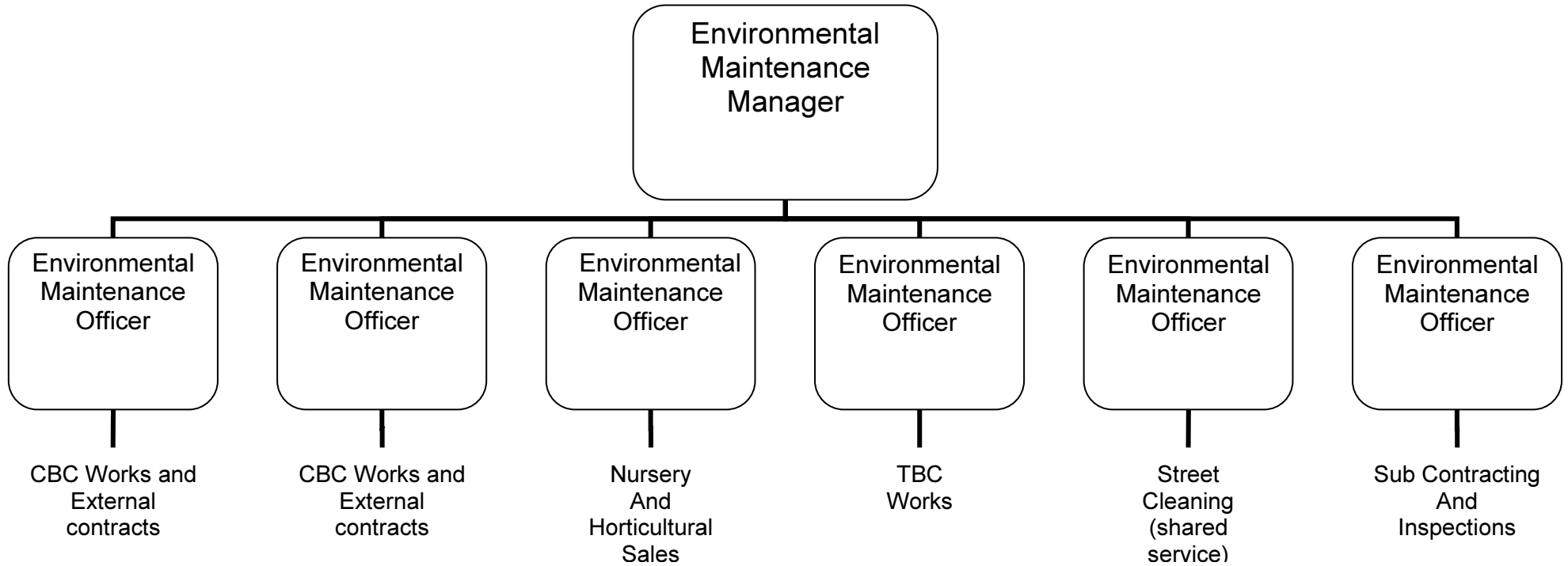


Appendix C

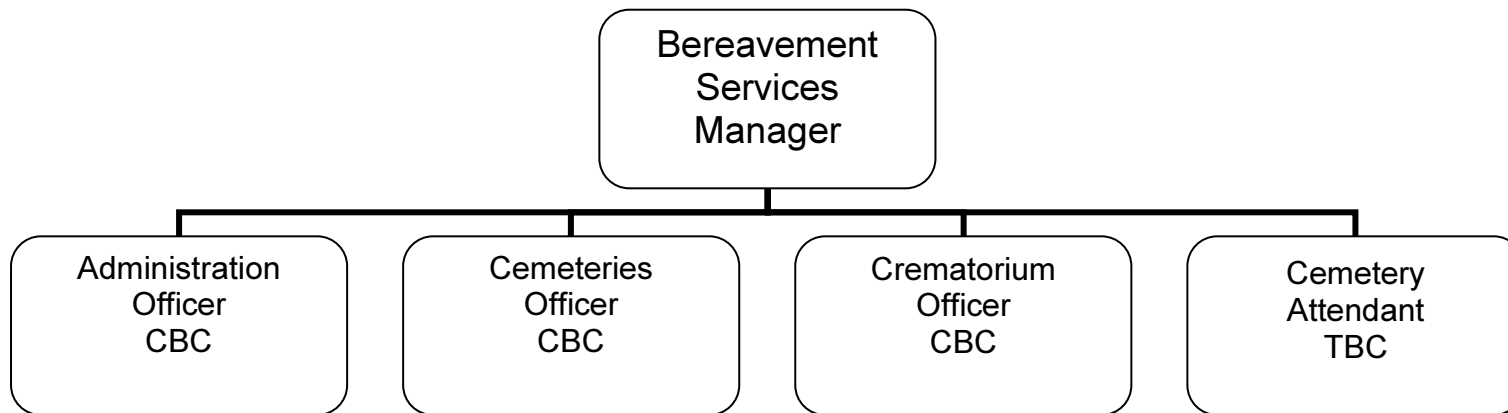
Proposed Structure – Waste and Recycling



Appendix C
Proposed Structure - Environmental Maintenance

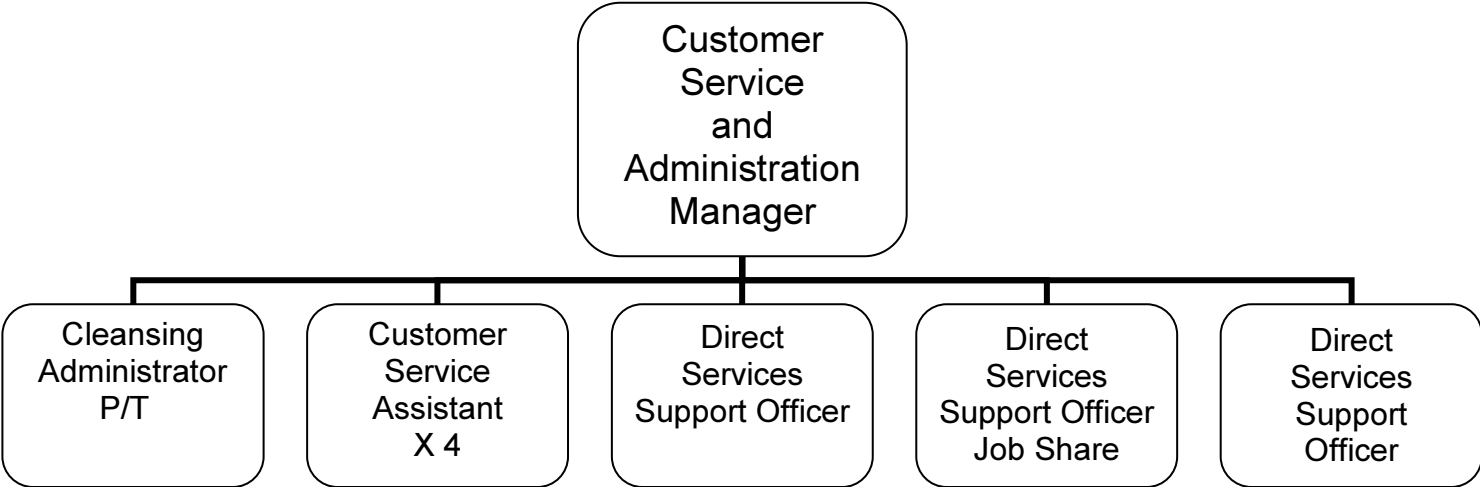


Appendix C
Proposed Structure – Bereavement Services



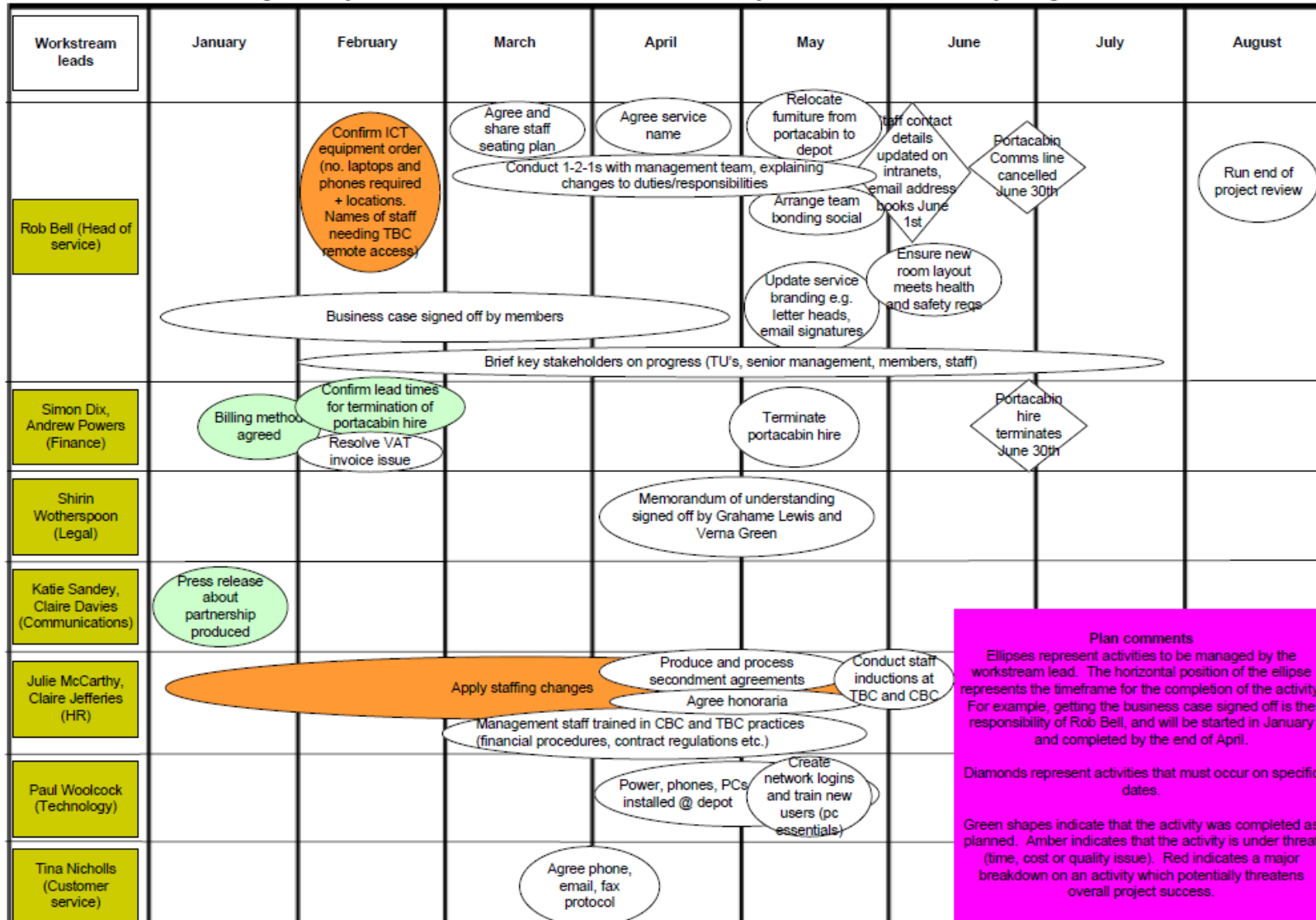
Appendix C

Proposed Structure – Customer Service and Administration



Appendix D

Project plan for the shared depot services project



Appendix E
Risk Log

TBC-CBC joint waste project risk log at Friday 14th Jan 2011								
ID	Description	Risk owner(s)	Date raised	Date reviewed	Impact score (4 max)	Likelihood score (6 max)	Overall risk score (impact * likelihood)	Risk mitigation actions / comments
1	Risk of failing to meet project deadlines. The project is being run to an aggressive timescale. As resources are scarce there is a high likelihood that deadlines will not be met, which will threaten the achievement of target cashable savings.	Rob Bell, Chris Bosley	3-Dec-2010	14-Jan-2011	3	3	9	A rigorous project management approach has been adopted so that progress can be closely monitored. The project management approach will help ensure that barriers and issues are identified and dealt with quickly.
2	If CBC and TBC stakeholders are not aligned behind shared service outcomes then the project may fail and no cashable savings will be delivered.	Rob Bell, Chris Bosley	3-Dec-2010	14-Jan-2011	4	2	8	Members have been engaged and consulted to help ensure strategic buy in and alignment. The project sponsors are also keeping their respective senior management teams and those staff affected briefed on progress.

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Risk Log

3	This project could hinder the work of the Gloucestershire Waste Partnership (GWP) to form a county wide unit for waste management if the legal entities formed by this project conflict with the aims of the GWP. Conflicting objectives could lead to increased costs and threaten the ability of Cotswold to join the joint service arrangement in 2012.	Andrew Logan (GWP programme manager), Rob Bell, Chris Bosley	21-Dec-2010	14-Jan-2011	4	2	8	Project plans and outcomes must be aligned to ensure that the TBC-CBC partnership is compatible with the wider aims of the GWP.
4	With CBC and TBC determining their own strategies, policies, service levels and standards, two different services will be provided which increases service delivery complexity for both the managers and front line staff. This will result in different standards of service delivery and different levels of customer satisfaction.	Rob Bell	14-Jan-2011	14-Jan-2011	3	3	9	Head of joint service to ensure that it is feasible to operate and manage the two different services.
5	The business case is predicated on the idea that the joint service can be managed by fewer managers. There is a risk that the challenge of integrating the services will exceed manager's capacity or capability to manage, leading to reduced quality of service and decreased customer satisfaction levels.	Rob Bell	14-Jan-2011	14-Jan-2011	4	3	12	Head of joint service to ensure that all managers have sufficient capability, capacity and confidence to meet the demands of this challenge. Focus during year to be on consolidation of joint working with limited scope for other initiatives.

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Risk Log

6	There is a risk that the cost of required technical changes (computer and telecoms equipment) will exceed the budget ringfenced for this purpose.	Rob Bell	14-Jan-2011	14-Jan-2011	4	3	12	Full technical requirements for the 2011/12 service have been established and costed. Initial indications are that a solution can be delivered within budget.
7	The joint management and administration unit will have to work with two sets of management and information systems, human resources policies, financial regulations and reporting systems. There is a risk that this will lead to a large administrative overhead which takes managers away from the real work of managing effective service delivery, leading to reduced service performance and reduced customer satisfaction.	Rob Bell	14-Jan-2011	14-Jan-2011	3	5	15	Lead officers to be identified for each section with good working knowledge of relevant systems and procedures.
8	The joint management and administration unit will have to work with two sets of information systems. There is a risk of data protection issues.	Rob Bell	14-Jan-2011	14-Jan-2011	4	2	8	ICT protocols to be in place and existence data protection training carried out for all staff.

Appendix E
Risk Log

9	The aggressive timescale for the implementation of the shared management and administration unit increases the likelihood of mistakes being made which could lead to reduced levels of cashable savings and reduced levels of customer satisfaction.	Rob Bell	14-Jan-2011	14-Jan-2011	4	4	16	Rigorous risk management will be carried out throughout 2011/12 to ensure that risks are identified, owned and mitigated effectively.
10	Increased workload and responsibilities for management and operational staff increases the risk of illness and staff absence. This would lead to a reduction in cashable savings and reduced service performance.	Rob Bell	14-Jan-2011	14-Jan-2011	4	3	12	Head of joint service to manage capacity and ensure the well being of staff during 2011/12.
11	Changes to staffing arrangements may cost more than the budget ringfenced for this purpose, leading to a reduction in the cashable savings that the project is committed to delivering.	Rob Bell	14-Jan-2011	14-Jan-2011	3	3	9	The cost of staff changes will be carefully managed to minimise the need for honoraria payments.