

Title of Report:	Environmental Health and Licensing Joint Service Delivery
Report to be considered by:	Executive
Date of Meeting:	15 December 2011
Forward Plan Ref:	EX2353

Purpose of Report: To outline the potential of creating a new Environmental Health and Licensing Service with Wokingham Borough Council.

Recommended Action:

- (1) To support the implementation of the proposed Joint Service Delivery of Environmental Health and Licensing with Wokingham Borough Council as set out in the report.
- (2) To agree that it will discharge the Environmental Health and Licensing functions of Wokingham Borough Council and;
- (3) To delegate to the Corporate Director for Environment the authority to enter into a Shared Services Agreement with Wokingham Borough Council for the joint service delivery of Environmental Health and Licensing functions. This will be in accordance with the terms of the draft agreement and delegated authority should be provided to the Corporate Director for Environment in consultation with the Head of Legal and Electoral Services to make any necessary drafting or other amendments to the terms of the agreement which are necessary to reach final agreement but which do not materially affect the intent and substance of the agreement.

Reason for decision to be taken: Protect existing frontline service standards for the public and businesses and contribute to the Property and Public Protection savings targets.

Other options considered:

1. A joint service which stops short of a full delegation of functions under the Local Government Act 1972 was considered but failed to meet the objectives of both parties so was ruled out.

Key background documentation:

2. Carry out internal review of services and structure to deliver any identified savings requirement.

Shared Services Agreement for the Provision of a combined Trading Standards Service.

The proposals will help achieve the following Council Plan Themes:

- CPT2 - Thriving Town Centres**
- CPT5 - Cleaner and Greener**
- CPT7 - Safer and Stronger Communities**
- CPT8 - A Healthier Life**
- CPT10 - Promoting Independence**
- CPT11 - Protecting Vulnerable People**
- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT15 - Putting Customers First**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Themes by:

- CPT2 – Thriving Town Centres; regulation and advisory services which promote use of town centres by protecting attractive business areas and ensuring accessibility through transport planning (taxi services).
- CPT5 – Cleaner & Greener; regulation and advisory services designed to protect and enhance the natural environment.
- CPT7 – Safer Communities; regulation and advisory services aimed at reducing crime, anti-social behaviour and the fear of crime.
- CPT8 – A Healthier Life; Education and promotional work to encourage adoption of healthy lifestyles. Investigation and prevention of food borne illness.
- CPT10 – Promoting Independence; support people into employment through training and advisory services.
- CPT11 – Protecting Vulnerable People; identify vulnerable people and provide regulatory, advisory and educational assistance to them and those that support them.
- CPT13 –Value for Money; identifying efficiencies, providing more for less and capitalizing on external and government grant funding.
- CPT14 – Effective People; developing employee’s skills and knowledge, motivating talent and providing clear leadership.
- CPT15 – Putting Customers First; answering enquiries at first point of contact, achieving high levels of customer care and improving access to services online.
- CPT16 –Excellent Performance Management; achieving consistent, rigorous and open monitoring of performance with clear communication on outcomes.

Portfolio Member Details

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Date Portfolio Member agreed report:	12 August 2011

Contact Officer Details

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Implications

- Policy:** All core policies will need to be reviewed to reflect the new service approach.
- Financial:** The project will deliver a £130k ongoing saving for West Berkshire Council.
 Worst case redundancy payment for which West Berkshire Council is liable is estimated at £157.5k.
 These figures reflect the agreement to split both savings and costs 50/50 between the partner Local Authorities.
- Personnel:** The project has identified significant employee impact and has put in place effective controls to deal with redundancy, contract changes and major service redesign over the course of the 5 year contract. Maximum redundancy of 6FTE across the newly formed service.
 Human Resources have been consulted on these matters since project initiation. Trade Unions have also been advised.
- Legal/Procurement:** The Joint Service Delivery for Environmental Health and Licensing will be implemented and governed by an agreement document produced by West Berkshire Legal Services. This is based on the agreement used for the Trading Standards model applied and authorised in March 2010.
- Property:** There are no property implications at this time.
- Risk Management:** All elements of risk have been managed through the legal agreement.
- Equalities Impact Assessment:** Stage 1 completed, Stage 2 not required.

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval	<input type="checkbox"/>	
Delays in implementation could have serious financial implications for the Council	<input checked="" type="checkbox"/>	
Delays in implementation could compromise the Council's position	<input type="checkbox"/>	
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>	
Item is Urgent Key Decision	<input type="checkbox"/>	

Executive Summary

1. Introduction

- 1.1 This report sets out a proposal for a Joint Service Delivery of Environmental Health and Licensing functions with Wokingham Borough Council. It is proposed that service will take effect in January 2012 subject to approval by both Councils and any call-in time or procedure.
- 1.2 The legal agreement is the culmination of negotiations and discussions over a considerable time. Care has been taken to take account of professional advice and this has been integrated into the project methodology (agreed West Berkshire PMM).
- 1.3 The agreement will deliver an ongoing saving of £130k for West Berkshire from April 2013, in addition to improved service resilience and improved protection for frontline services.
- 1.4 West Berkshire Council would benefit from half of the total savings achieved through the agreement over 5 years, inclusive of any costs for implementation.

2. Proposal

- 2.1 To support the implementation of the proposed Joint Service Delivery of Environmental Health and Licensing with Wokingham Borough Council as set out in the report.
- 2.2 West Berkshire Council will discharge the Environmental Health and Licensing functions of Wokingham Borough Council.
- 2.3 To delegate to the Corporate Director for Environment the authority to enter into an Agreement with Wokingham Borough Council for the Joint Service Delivery of Environmental Health and Licensing functions. This will be in accordance with the terms of the draft agreement and delegated authority should be provided to the Corporate Director for Environment in consultation with the Head of Legal and Electoral Services to make any necessary drafting or other amendments to the terms of the agreement which are necessary to reach final agreement but which do not materially affect the intent and substance of the agreement.

3. Conclusion

- 3.1 A new Joint Service Delivery for Environmental Health and Licensing hosted by West Berkshire Council and delivered for Wokingham Borough Council and deliver savings to both Councils whilst increase service resilience. Failure to proceed could result in greater reductions in service quality and authority resilience.

Executive Report

1. Introduction

- 1.1 Wokingham Borough Council operates an Environmental Health and Licensing (EH&L) service covering a very similar portfolio to West Berkshire Council.
- 1.2 There is already an existing arrangement between the 2 authorities for the provision of Trading Standards. This is hosted by West Berkshire Council.
- 1.3 Both authorities have investigated options to create further savings by using the Trading Standards model as a starting point and modifying it to meet the needs of EH&L.
- 1.4 In the current difficult financial climate joint service delivery has been identified as a way to bring about savings whilst maintaining frontline services.

2. Guiding Principles for Re-organisation

- (1) Create a structure that achieves current service standards.
- (2) Identify and remove duplication of effort.
- (3) Maintain suitable span of control for managers.
- (4) Enable professional development and maintain specialist skills.
- (5) Improve business continuity arrangements.

3. The Process

- 3.1 Wokingham Borough Council has agreed, subject to Executive Decision, to sign up to a legal agreement which covers the following high level areas:
 - Discharging Wokingham Borough Council's statutory and discretionary Environmental Health and Licensing functions by West Berkshire Council.
 - The TUPE transfer of existing Wokingham Environmental Health and Licensing staff.
 - An initial five year term that can be extended to a further period of up to ten years.
 - Defines exit arrangements in the event of termination by either party.
 - Refers to a detailed Service Specification (expanded at point 6) which reflects the demands on a modern forward thinking Environmental Health and Licensing Service.
 - A governance and performance management structure through a Joint Service Review Panel (JSRP).

3.2 The agreement as drafted and negotiated has been carefully examined by both authority's finance and legal teams. It is due to be considered by Wokingham Council's Executive in November 2011.

4. Procurement Challenge

4.1 Advice has been sought from external Legal consultants Bevan Brittan to address the risk that an interested party decides to challenge this project. The advice has been attached to this report at Appendix 1.

5. Key Clauses of the Agreement

5.1 In addition to the standard clauses you would expect on any legal agreement of this nature there were issues that are specific to the joint service. The dimensions of the service are set out in the attached Service Specification, Appendix 2, and this will be delivered through a service plan.

5.2 The key clauses and terms are summarised as follows:

Key Clauses	Summary
Mechanism	Section 101 of the Local Government Act 1972 and of the Local Government (Arrangement for the Discharge of Functions)(England) Regulations 2000.
Contract Period (Clause 2)	5 Years with an extension period of up to 10 years
Joint Services Review Panel (Clause 3 and Schedule 2)	<p>With an overall purpose of monitoring and advising on the effective performance of the agreement and delivery of the service.</p> <p>Made up of elected members and senior officers of the Council.</p> <p>Six monthly review meetings.</p> <p>A forum for discussion and seeking to resolve any issues, concerns or complaints arising in relation to the operation of this Agreement.</p>
Charge (Clause 10 and Schedule 7)	These are fixed for Year 1 and 2. Year 3 charges will be, at minimum, set to Year 2 level plus an increase in accordance with the Consumer Prices Index.
Case Management System (Clause 16)	Each Local Authority will use their existing case management system.
Limited Liability (Clauses 27 and 28)	Both parties liability on negligence, default or on breach of statutory duty to each other is limited to 100% of the Charges for the relevant financial year.
Staff	All Wokingham Borough Council' Environmental Health and Licensing Staff will transfer to West Berkshire Council under the Transfer of Undertakings Regulations (TUPE). The list

Key Clauses	Summary
	of staff transferring will be attached to the agreement. NB. Likely to increase establishment by approximately 24FTE.
Key Outcome	Transfer of all Statutory and Discretionary functions of the Environmental Health and Licensing Service including the issuing of licences, permits and authorisations.
Accommodation	To be provided by both Councils.
Legal Services	To be provided by both Councils. Based on origin of offence and proceedings taken in the name of the originating authority.
ICT	To be provided by both Councils.
Termination	No termination by either party in the first 5 years except where there is a serious default. After the initial 5 years the contract can be operated on a year on year extension. On termination TUPE will apply.

6. Service Specification

- 6.1 As a Schedule attached to the agreement the Service Specification provides the understanding of exactly what functions will be delivered and the strategy that will be pursued for the duration of the agreement.
- 6.2 Should there be any future negotiations on the nature of the service to be provided, this will act as the benchmark.
- 6.3 Details on the elements of operational legal support are also incorporated but the key points are summarised below: -

Key Points	Summary
Enforcement Policy	Decisions on enforcement will be taken based on each authority's policy and based on the location of the alleged offence.
Investigation	All investigation will be carried out by West Berkshire staff employed as part of the Joint Service (original plus TUPE staff)
Instigating Proceedings	Officers of the Joint Service will refer cases to the appropriate Legal Service based on the location of the alleged offence i.e. Wokingham Borough cases will be presented in the name of Wokingham Borough Council

Key Points	Summary
	(costs to delivery of this service are borne by Wokingham)
Technical Advice	All elements of Environmental Health and Licensing Technical support will be provided by the Joint Service.
Committee Support	Officers of the Joint Service will provide Technical Advice to Policy Officers and Legal Services. Wokingham will provide all other administrative functions, constitutional and procedural advice.
Sub-Committees	Officers of the Joint Service will provide Technical Advice. Wokingham are not delegating any functions for the purposes of convening Sub-Committees and making decisions on relevant matters.
Appeals/Challenges	Each authority is responsible for their own Members decisions. Technical Advice will be provided by officers of the Joint Service to ensure effective defence against such actions.

7. Financial Implications and Budget Management

- 7.1 In return for the provision of the service Wokingham Borough Council will pay West Berkshire Council in accordance with the payment schedule attached.
- 7.2 From the commencement date of the agreement the Wokingham payment will reflect the savings and costs associated with delivering the project. These payments will be itemised for clarity and these are detailed in the payment schedule attached.
- 7.3 During the period commencement date to March 2013 there will be a defined savings and costs profile for West Berkshire Council.
- 7.4 West Berkshire total net salary and efficiency savings at March 2013 is estimated at £60k.
- 7.5 With the new structure and service delivery model in full operation, the Wokingham payment from April 2013 will be the previous years figure plus CPI.
- 7.6 The agreement enables West Berkshire Council to deliver ongoing savings of £130k from 01/04/2013.
- 7.7 Costs of the project are primarily redundancy costs and these will be incorporated into the Wokingham payments. Clause 30 of the Agreement which deals with start up costs and support services governs the process.

8. Proposed Joint Service Structure

- 8.1 It is intended that there will be an amalgamation of the two services, identification of duplicated effort and a thorough investigation of the roles within third and fourth tier management. Further reviews of job roles within each of the teams would then take place.
- 8.2 The joint service structure will reflect the guiding principles laid out in (3).
- 8.3 The defining feature of the joint service will be a single management team which can operate flexibly across both political areas with retention of local offices. Both authorities recognise the following benefits of using a shared service:
- High proportion of savings from management level.
 - Provides service resilience.
 - Enables officers to retain specialist functions.
 - Maximises development opportunities to encourage in-house expertise.
 - Removes management duplication across both teams.
 - Retains management span of control.
 - Improves business continuity potential.
 - Avoids complicated recharge issues for support services and accommodation as seen in other shared services models.
 - Protects against residents fears of loss of local services.
 - Protects distinct political decision making e.g. Licensing Committee

Management issues for the project include:

- Potential for perception in Wokingham of 'take over' and loss of local services may lead to management difficulties.
- Project management of the transition.
- Maintaining information databases across both locations.
- Managing staff in 2 locations.
- Managing increased delegation to frontline staff.

9. Other Options

- 9.1 There are many different forms and interpretations of the term 'shared service' and in initial discussions a variety of models were considered.
- (1) Shared Service Manager – a single manager operating the distinct district services did not deliver the level of savings required.

- (2) Complete Service Merger in central location – accommodation, ICT and travel expenses incurred to move entire workforce into new central building was prohibitively expensive and incompatible with current budget management.
- (3) Wider Berkshire Services Merger – cultural, political, financial and accommodation issues found at this time were not suitable for us to look beyond Wokingham as a partner. This position will be reviewed in the future based on the progress of this agreement.
- (4) Do nothing – the level of savings identified to meet projected targets would disproportionately impact on structure and service provision.

Appendices

Appendix 1 – Equality Impact Assessment – Stage 1

Appendix 2 – Advice note from Bevan Brittan LLP (*Please note that this appendix is confidential and has therefore been included with the Part II Papers*)

Appendix 3 - Service Specification

Consultees

- Local Stakeholders:** Steve Richardson, EH&L Manager Wokingham BC
Neil Badley, Head of Corporate Service, Wokingham BC
Peter Southwell – HR Consultant – Wokingham BC
Debra Palmer – Asst Corporate Accountant – Wokingham BC
Claire Williams Morris – Corporate Accountant – Wokingham BC
- Officers Consulted:** Steve Broughton, Head of Service
Annette Yellen – Accountant
Wendy Howells – Senior Accountant
Sally Johnson – HR Manager
Joseph Holmes – Chief Accountant
Shiraz Sheikh – Solicitor
Sarah Clarke – Solicitor
Andy Best – ICT
Corporate Board
- Trade Union:** Rosemary Culmer – Unison
Stephanie Maxwell – Unison - Wokingham