

Fy Nghyf / My Ref: NRS/PM/PB/05.08.14

Dyddiad / Date: 5th August 2014

Councillor Phil Bale  
Leader, City of Cardiff Council  
County Hall,  
Atlantic Wharf,  
Cardiff,  
CF10 4UW.



Dear Councillor Bale,

**Joint Environmental and Community & Adult Services Scrutiny Committee –  
Regionalising Regulatory Services Project – 29<sup>th</sup> July 2014**

On behalf of the Community and Adult Services Scrutiny Committee and the Environmental Scrutiny Committee, who met jointly on Tuesday 29<sup>th</sup> July 2014 I would like to thank you and the officers for attending the Committees' joint meeting. As you are aware the meeting considered pre decision scrutiny of the Regional Regulatory Services Project, prior to a report being taken to Cabinet in the City of Cardiff, Vale of Glamorgan and Bridgend County Borough Councils.

Members note that the report submitted for their consideration was a draft Cabinet report, and as such there is an opportunity for the comments, suggestions and recommendations made in this letter by the Joint Committee to be taken into account.

**Recommended Model**

The Joint Committee recognises that it is not an option for the Council to 'do nothing' and that services will be subject to significant reductions if no change takes place. The Committee therefore recognises that the Council must move in the direction of collaboration, and therefore accepts that the best approach set out within the report is the 'collaborate and change' model, and the acceptance of related recommendations within the draft Cabinet report.

The Joint Committee however felt that additional information must be made available, both in order for the Cabinet to be able to make a fully informed decision regarding

the recommendations in the report, and to reassure Members that the decision to endorse this course of action is correct. These information requests are detailed later in the letter.

### **Host Authority**

The Joint Committee wishes to express its reservations about the case presented as a basis for the Vale of Glamorgan Council to be chosen as host authority. It is evident from the Atkins report that no firm decision could be recommended, and consideration of the pros and cons for each authority acting as host does not provide a substantial case for the Vale to be chosen. That said, the Joint Committee is not questioning the ability of the Vale of Glamorgan Council to be selected as host authority, but rather feels that the Cabinet should expect to receive a far more informative and robust case in order to convince them that services are best hosted in the Vale of Glamorgan Council and for Cardiff Council staff to be transferred accordingly.

That said, the Committee accepts that Cardiff Council cannot always be seen to use its size as the basis for control of such projects, and must allow other authorities to lead on projects if it is to truly embrace collaborative working.

The Joint Committee also recognises that significant levels of work have already been undertaken on the basis that the Vale of Glamorgan will be host authority, and that the success of the project and achievement of projected savings cannot afford the delays associated with reassessing this position.

### **Future Scrutiny Arrangements**

The Joint Scrutiny Committee recognises the need for robust ongoing scrutiny of the shared regulatory service, however the Members do not wish for scrutiny to be carried out by existing separate Scrutiny Committees as outlined in the draft Cabinet report (para 97). Members feel the appropriate scrutiny mechanism is the establishment of a Joint Scrutiny Committee, which mirrors the proposed Joint Committee and has equal representation from each local authority. This Committee needs to be established as a matter of priority if a decision to proceed with a shared

service is made by Cabinet and Council, allowing for the project implementation stages to be effectively scrutinised by Members from each authority.

### **Additional Requests and Recommendations**

The Joint Committee wishes to express its concern that the draft Report presented contains some grey areas, where important information is either unclear or not available. Members do not feel this will allow for the Cabinet to make such an important decision on the future delivery of regulatory services in Cardiff.

Following the discussions at the meeting, Members wish for the following requests for information to be addressed:

#### Additional Information for Cabinet

- More information should be required for Cabinet with regards to the transfer of staff under TUPE. This must provide more detail on the mechanisms involved, the costs for Cardiff and the impact it will have on individuals currently employed by Cardiff Council. Members are concerned that staff will be made to accept worse terms and conditions and rates of pay, or face redundancy.
- The Joint Committee recognises the use of FTE figures as an accepted basis for decision making, however Members feel that Cabinet should be made aware of the number of individual staff who are within the scope of this project, so that the full impact on Cardiff Council employees can be appreciated.
- While the Joint Committee recognises the need to protect personal staff information, Members shared a concern that the redaction of key financial and establishment information might prevent the Cabinet from making fully informed decisions on the impact on Cardiff staff and the ability to achieve savings.
- Members feel that the future job specifications, roles and grading of staff within the shared regulatory service should have a huge impact on the decision whether to proceed, and yet these are currently undefined. Members feel this calls into question whether Cabinet is to be provided enough information to make such a decision.
- Members are concerned that the staff consultation period, which has recently commenced, is taking place across the school summer holidays. Members

seek assurances that full and robust consultation will take place, with full Trade Union involvement, and that the findings from this will be fully included within the report submitted to Cabinet.

- Members seek assurances that the proposed multi-skilled approach will not result in a less professional or qualified provision of service and feel Cabinet should require more information in this area, including an evaluation of how such an approach currently works in the Vale of Glamorgan and Bridgend County Borough Councils.
- The Equality Impact Assessment completed in relation to the proposed centralised location for the shared service (the Alps Depot) should be made available to the Cabinet, and shared with Members of the Joint Committee. Members are concerned that this location is car-centric and will disadvantage staff who are reliant on public transport or cycle networks.
- Members wish to recommend that a single point of contact is established to serve the shared service and feels that C2C presents a natural choice for this service to be located. If the intention for the shared service is to rebrand as one single service, it appears sensible for one point of contact to be established for members of the public. Estimates for the cost of providing such a service should be included within the papers submitted for Cabinet consideration.

#### Additional Information for Committee

- Members also wish to note their concerns regarding the recruitment process within the host authority. At the meeting Members were assured that the best individuals will be the ones appointed to the new roles, however Members wish to seek clarification on how individuals will be appointed, who will be involved in recruitment decisions and the process for developing new role profiles and job descriptions.
- The Joint Committee are concerned by the number of factual inaccuracies within the Atkins report highlighted by staff, and request that more work is undertaken to establish exactly what work is currently carried out within Cardiff. Decisions are going to be made with regards to which services can be reduced, and Cardiff needs to clearly set out which services are essential and must be maintained through the shared service. Members also request

clarification on which non-statutory services currently provided are going to be lost.

- The figures given for demand of services across the three authorities (Atkins 4.2.6) show that Cardiff's share is 66% of the total. Members seek clarification that the allocation of work within the regionalised service will be demand led, particularly given concerns were raised that the level of demand in Cardiff is underestimated.
- Members seek assurances that Cardiff will not be put at risk in terms of food safety through changes to food inspection regimes, and potential changes to the staff involved, particularly when Cardiff has significantly higher numbers of premises liable for inspection.
- Members are aware that Cardiff Regulatory Services are involved with the significant levels of events that take place in the city, and this work has also been highlighted as a good income generator for Cardiff. Members seek assurances that this work will be able to continue within the shared service, and whether all income will be retained by Cardiff Council.
- Members consider the Out of Hours Noise team to be a valuable asset for the city and seek assurances that this will remain, given that Cardiff is the only of the three authorities that runs such a service. Members seek assurances that the continuation of this service will not negatively impact on the remaining allocation of resources to Cardiff within the shared service, and that Cardiff will not be required to pay for the service in addition to the agreed apportionment of costs.
- Members seek assurances that the present links that exist between regulatory services and other service areas within the Council will not be lost through the establishment of a shared service (for example where regulatory services officers will work with schools on tattoo related initiatives).

#### Additional Concerns

- Given that the projected savings from this proposal will only amount to approximately £1.4m across the three Councils per annum by 31 March 2018, Members do not feel this is substantial enough to justify significant reductions in the level of regulatory services being provided within Cardiff.
- The Joint Scrutiny Committee wishes to express its concern regarding the financial projections for costs and savings provided within the draft Cabinet

and Atkins reports, and feels these figures are vaguely indicative at best and rely on numerous assumptions.

- Members are also concerned that the figures for HMOs within Cardiff are inaccurate, and feel strongly that this should be re-quantified to give a true representation of the level of demand that exists within the city. This is something that must be completed before resource allocation decisions are agreed.
- The Joint Scrutiny Committee has concerns surrounding the harmonisation of various ICT systems used by each Council and feels that implementation issues in this area could undermine the anticipated savings from collaboration.
- Members were not convinced that effective logistic systems will be in place to control the home-based working arrangements proposed for the shared services, and feel this could jeopardise the short-term savings target given in the draft Cabinet report.

I would be grateful if you would consider the above comments and provide a response to the requests made in this letter.

Regards,

A handwritten signature in black ink that reads "P. De Mitchell". The signature is written in a cursive, slightly slanted style.

Councillor Paul Mitchell  
Chairperson Environmental Scrutiny Committee

Cc to:

Cllr Bob Derbyshire – Cabinet Member for Environment  
Cllr Daniel De’Ath – Cabinet Member for Safety, Engagement & Democracy  
Cllr Jacqueline Parry – Chair of Licensing and Public Protection Committees  
Paul Orders – Chief Executive  
Joanne Watkins – Cabinet Office Manager  
Jane Forshaw – Director for the Environment  
Tara King – Assistant Director for the Environment

Dave Holland – Head of Service, Regulatory & Supporting Services

Elizabeth Weale – Operational Manager – Procurement & Partnerships

Tracey Thomas – Operational Manager – HR People Services

Marc Falconer – Operational Manager - Projects Accountancy

Members of the Environmental Scrutiny Committee

Members of the Community & Adult Services Committee

Fy Nghyf / My Ref: NRS/PM/PB/05.08.14

Dyddiad / Date: 5th September 2014

Councillor Paul Mitchell  
Chair, Environmental Scrutiny  
County Hall,  
Atlantic Wharf,  
Cardiff,  
CF10 4UW.



Dear Councillor Mitchell,

**Joint Environmental and Community & Adult Services Scrutiny Committee –  
Regionalising Regulatory Services Project – 29<sup>th</sup> July 2014**

Thank for your letter dated 5<sup>th</sup> August 2014 on the aforementioned matter. I am extremely grateful for your comments on the proposal and your general support for the proposed model, albeit with a number of reservations. As you indicate this was a draft report put forward for a pre-decision Scrutiny process and the comments, suggestions and recommendations you have made can be taken into account before a final decision is made.

**Host Authority**

Your comment upon Cardiff's role in any collaborative project and acknowledgement that the success of the project and achievement of projected savings cannot afford the delays associated with reassessing this position, is welcome. That said, I have asked officers to revisit this section of the Cabinet report and provide more information to assist the decision due to be taken by any of the Cabinets and Councils.

**Future Scrutiny Arrangements**

The Comments upon a Joint Scrutiny regime are duly noted and indeed echo the views of the Heads of Scrutiny across the three Councils. If a decision is made to proceed, I will ask officers to arrange meetings with the Scrutiny Chairs to consider establishing a joint Scrutiny panel which can monitor the project implementation stages and the work of the service thereafter.



## Additional Requests and Recommendations

In respect of the request that cabinet seek further information before making any decision I can advise as follows,

- More information should be required for Cabinet with regards to the transfer of staff under TUPE. This must provide more detail on the mechanisms involved, the costs for Cardiff and the impact it will have on individuals currently employed by Cardiff Council. Members are concerned that staff will be made to accept worse terms and conditions and rates of pay, or face redundancy.

The proposals are based on an exercise that will involve the initial transfer of employees to one of the three Councils as host employer under the provision of a TUPE like transfer. This will provide the opportunity for a new service to be built around the skills and expertise of a combined workforce. The contractual terms and conditions of staff will be protected at the point of transfer.

The basic principle is that all contractual terms and conditions of employment will be protected including continuity of terms and conditions. This may not include certain organisational specific policies and procedures such as specific working arrangements, processes for booking annual leave, reporting sickness, pursuing grievances or disciplinary issues. A complete stock-take of all terms and conditions will be undertaken as part of the TUPE consultation process.

A significant period of work will commence in the autumn to begin to undertake the above work and leading to a potential transfer in April 2015. It will involve clarifying who is “in-scope”, ensuring clarity around terms and conditions and consulting staff and unions about any post transfer “measures” that will be progressed. It is the responsibility of both the transferor and transferee employers to conduct such consultation.

An important issue to be covered as part of the statutory TUPE consultation with staff and the trade unions will be the “measures” that will be taken by the host once the transfer of all staff is complete in April 2015. A primary measure will be the proposals to implement the new operating model and new organisational structure as part of

the remodelling process. This will be included as part of the consultation process between November 2014 and March 2015.

Following the TUPE transfer a separate consultation process will commence in relation to the remodelling process and with a view of implementation by September 2015. This will involve consultation on the new structure, job descriptions, selection processes and redundancy arrangements.

Such proposals will require an overall reduction in staffing levels (across the three authorities) of approximately 26 posts (from 204 FTE to 178 FTE). Such figures do not include current vacancies or posts filled on a short term and temporary basis. There are approximately 148 posts “in-scope” FTE posts in Cardiff Council of which 122.4 are currently filled on a permanent basis. The current “head-count” figures are 139.

In addition to the overall reduction in staffing levels the proposals will also require the implementation of a significantly new organisational structure with many new roles, the requirement for different working arrangements and a net movement from professional to technical roles. This latter issue will have implications for grading levels, terms and conditions and the overall numbers of potential redundancies.

Where staff are offered appointment to different roles within the remodelled service, then the new terms applicable to that job and the host employer’s wider terms and conditions will apply. The effect on staff from Cardiff being appointed to new and different posts in a new service hosted by the Vale of Glamorgan will be varied – some posts being on higher salaries and some being on lower salary levels. All appointments will however be based on merit and following the pursuit of an open and transparent selection process as framed in consultation with the trade unions.

Where an employee is offered appointment to the same or similar role within the new service then it is proposed that any TUPE protection will continue. This will mean that the salary level of a Cardiff employee being appointed to the same or similar post will be unaffected.

It is proposed that steps should continue to be taken, as appropriate to reduce, mitigate and avoid the possibility of any compulsory redundancies as a result of the post transfer restructuring exercise and in order to ensure, where possible the appointment of staff into positions as close as possible to their existing status and grade. Such steps will be developed in consultation with the trade unions.

It is important to stress that the need to make savings impacts upon all three Councils whether they choose to pursue the collaborative model or not. If the Councils choose to reject the collaborative proposal there can be no guarantee about the future level of service provision in Cardiff and measures may need to be considered that could result in a significant change in service delivery.

- The Joint Committee recognises the use of FTE figures as an accepted basis for decision making, however Members feel that Cabinet should be made aware of the number of individual staff who are within the scope of this project, so that the full impact on Cardiff Council employees can be appreciated.

The information provided at Appendix B does contain details of both FTE and the number of individual staff who are within scope. Those figures are subject to vary as changes are made in each Local Authority; Appendix B is accurate as at 8<sup>th</sup> July 2014.

- While the Joint Committee recognises the need to protect personal staff information, Members shared a concern that the redaction of key financial and establishment information might prevent the Cabinet from making fully informed decisions on the impact on Cardiff staff and the ability to achieve savings.

The appendix dealing with indicative salaries was originally redacted on the basis of concerns about data protection, given that these papers were being made widely available. This decision has been reviewed and information shared where there are no remaining DPA concerns.

- Members feel that the future job specifications, roles and grading of staff within the shared regulatory service should have a huge impact on the decision whether to proceed, and yet these are currently undefined. Members feel this calls into question whether Cabinet is to be provided enough information to make such a decision.

Job descriptions and person specifications have not been finalised at this stage of the project. The existing Heads of Service are content that the structure is viable and will begin work on these documents should the project proceed to the next, more detailed, stage. These will be the subject of job evaluation and consultation with staff and the trade unions as detailed in the draft Cabinet report.

- Members are concerned that the staff consultation period, which has recently commenced, is taking place across the school summer holidays. Members seek assurances that full and robust consultation will take place, with full Trade Union involvement, and that the findings from this will be fully included within the report submitted to Cabinet.

The pre-decision engagement process started on 11th July and was originally scheduled to end on 22<sup>nd</sup> August. Following discussion with trade unions, this has now been extended for all Councils up to 5th September 2014. The Cabinet report will contain appendices illustrating the response from the pre-decision Scrutiny processes of the three Councils along with the comments and feedback from the staff and Trade Unions.

- Members seek assurances that the proposed multi-skilled approach will not result in a less professional or qualified provision of service and feel Cabinet should require more information in this area, including an evaluation of how such an approach currently works in the Vale of Glamorgan and Bridgend County Borough Councils.

The concern is noted. The operating model is intended to provide as comprehensive a service as possible within the resource available. That said, the financial constraints placed upon the proposal mean that the new management team must assess the Operating Model and balance service provision against available resource. The need to make savings impacts upon all three Councils whether they choose to pursue the collaborative model or not. If the Councils choose to reject the collaborative proposal there can be no guarantee about the future level of service provision in Cardiff and measures may need to be considered that could result in a significant change in service delivery.

- The Equality Impact Assessment completed in relation to the proposed centralised location for the shared service (the Alps Depot) should be made available to the Cabinet, and shared with Members of the Joint Committee. Members are concerned that this location is car-centric and will disadvantage staff who are reliant on public transport or cycle networks.

The Equality Impact Assessment is appended to the Cabinet report. The final decision on the location of offices has yet to be confirmed and they are being assessed for EIA and other logistical matters, but your points on public transport and cycle networks are well made and are a key consideration.

- Members wish to recommend that a single point of contact is established to serve the shared service and feels that C2C presents a natural choice for this service to be located. If the intention for the shared service is to rebrand as one single service, it appears sensible for one point of contact to be established for members of the public. Estimates for the cost of providing such

a service should be included within the papers submitted for Cabinet consideration.

Arrangements for the management of customer contact by phone, face to face and via other electronic means will be developed as part of the proposed service's business plan which would contain the costings therein. A single point of contact will be evaluated based upon the experiences of each local authority has in creating such a function, along with the experiences of other organisations who have managed similar challenges.

## Additional Information for Committee

- Members also wish to note their concerns regarding the recruitment process within the host authority. At the meeting Members were assured that the best individuals will be the ones appointed to the new roles, however Members wish to seek clarification on how individuals will be appointed, who will be involved in recruitment decisions and the process for developing new role profiles and job descriptions.

It is the intention that the service will retain and develop links with partners, stakeholders and other interested parties. The proposed “change” process will be based on sound and transparent principles to be agreed with the trade unions. For some employees this may include “job matching” and for others it may include a competitive selection process. All posts will be ring-fenced to existing staff and selection decisions overseen by the Officer Management Board comprising equal representation at a senior level from each Council. All decisions will be based on merit and through an evidenced based assessment against job descriptions and person specifications. The development of new job descriptions and person specifications will be managed by the new Head of Service (once appointed) and in consultation with staff and the trade unions.

- The Joint Committee are concerned by the number of factual inaccuracies within the Atkins report highlighted by staff, and request that more work is undertaken to establish exactly what work is currently carried out within Cardiff. Decisions are going to be made with regards to which services can be reduced, and Cardiff needs to clearly set out which services are essential and must be maintained through the shared service. Members also request clarification on which non-statutory services currently provided are going to be lost.

The Atkins report represents the position as at 1<sup>st</sup> April 2013 and much of the data contained in the report was provided by each Local Authority. The impact of budget savings accepted for 2014/15 has had an impact on areas of performance and the “factual inaccuracies” may be attributable to changes introduced since the issue of the report. Any required corrections have been made.

Collaboration brings with it a range of challenges and difficult decisions. I think it is important from the outset to appreciate that the Target Operating Model, as originally envisaged by Atkins, has to be refined in light of the requirement to make additional saving. If a decision is made to proceed, the appointed Management Team will need to consider the many issues and valid concerns expressed in light of the reduced financial provision available to deliver the services. If the decision is made not to pursue the collaborative model, these issues will remain a challenge for the management team at Cardiff and you will already understand the quantum of the budget reduction being contemplated. Whichever path the organisation takes, there will be a need to change how the service is delivered.

- The figures given for demand of services across the three authorities (Atkins 4.2.6) show that Cardiff's share is 66% of the total. Members seek clarification that the allocation of work within the regionalised service will be demand led, particularly given concerns were raised that the level of demand in Cardiff is underestimated.
- Members seek assurances that Cardiff will not be put at risk in terms of food safety through changes to food inspection regimes, and potential changes to the staff involved, particularly when Cardiff has significantly higher numbers of premises liable for inspection.

The model is intended to provide as comprehensive a service as possible within the resource available across all three Councils. It needs to reflect best practice in terms of inspections and take heed of advice from Government and other Regulators, but within the resource available. The services in each Council already use a risk based approach to inspections and other aspects of work and that will continue to ensure that those legitimate business operations that present the greatest risk across the region are effectively monitored and supported, while ensuring that illegal activities are challenged robustly.

- Members are aware that Cardiff Regulatory Services are involved with the significant levels of events that take place in the city, and this work has also



been highlighted as a good income generator for Cardiff. Members seek assurances that this work will be able to continue within the shared service, and whether all income will be retained by Cardiff Council.

The intention is to allow each authority to retain its existing income streams and to develop new sources of income, the latter being apportioned across the three Councils, unless the income is generated through a local authority specific initiative, such as additional licensing for Houses in Multiple Occupancy.

- Members consider the Out of Hours Noise team to be a valuable asset for the city and seek assurances that this will remain, given that Cardiff is the only of the three authorities that runs such a service. Members seek assurances that the continuation of this service will not negatively impact on the remaining allocation of resources to Cardiff within the shared service, and that Cardiff will not be required to pay for the service in addition to the agreed apportionment of costs.

The Committee will be aware that the Council is already considering reducing the night noise service provision in response to the need to make savings. The proposed model seeks to retain the existing levels of service provision at the point of transfer and a core service document providing more definitive detail will be contained within the three year business plan.

- Members seek assurances that the present links that exist between regulatory services and other service areas within the Council will not be lost through the establishment of a shared service (for example where regulatory services officers will work with schools on tattoo related initiatives).

## Additional Concerns

- Given that the projected savings from this proposal will only amount to approximately £1.4m across the three Councils per annum by 31 March 2018, Members do not feel this is substantial enough to justify significant reductions in the level of regulatory services being provided within Cardiff.

The Cabinet report acknowledges the need to make further savings and the three year Business Plan will identify further savings for the short and medium term in line with the requirements of each Local Authority's financial plan.

- The Joint Scrutiny Committee wishes to express its concern regarding the financial projections for costs and savings provided within the draft Cabinet and Atkins reports, and feels these figures are vaguely indicative at best and rely on numerous assumptions.

The financial projections and costs contained within the Atkins report, and subsequently updated within the Cabinet report, are based on discussions with finance officers within the 3 local authorities, using actual salary and other budget information. A number of assumptions have had to be made about potential costs or savings in particular redundancy costs. The assumptions have been made using the previous experience of the Atkins team from working with other local authorities, and experience of other officers within the authorities. The figures are considered prudent and have been agreed as realistic with work stream leads from each authority. The final costs for the individual authorities can not be accurately calculated until the appointment process to the regional service is complete.

- Members are also concerned that the figures for HMOs within Cardiff are inaccurate, and feel strongly that this should be re-quantified to give a true representation of the level of demand that exists within the city. This is something that must be completed before resource allocation decisions are agreed.

Officers will revisit these figures. The figures contained in Atkins were based upon Councils data; there are other figures being touted that suggest the number of rental properties and landlords might be higher. These seem to flow from Welsh Government estimates and we will revisit this as a matter of priority.

- The Joint Scrutiny Committee has concerns surrounding the harmonisation of various ICT systems used by each Council and feels that implementation issues in this area could undermine the anticipated savings from collaboration. Members were not convinced that effective logistic systems will be in place to control the home-based working arrangements proposed for the shared services, and feel this could jeopardise the short-term savings target given in the draft Cabinet report.

The concern is valid and officers have been in dialogue with Worcestershire regulatory Services, where ICT delays did occur, and other collaborative services to discuss their experiences and understand how best those difficulties can be avoided or mitigated. To support the new service a common ICT platform will be required and access to systems be available from different locations across the three Council areas. An ICT project team has been assembled and the costs of a dedicated ICT Project Manager are incorporated in the project's business case as well as an estimate of the investment required in hardware and software to support the shared service. Should approval be given to proceed with the proposals the ICT project team will undertake further work and pilot technology to facilitate the new ways of working required by the shared service.

I trust this provides a useful response to the Joint Committee's concerns and questions and thank you again for the Committee's valuable input.

Yours sincerely

PHIL BALE  
LEADER CARDIFF COUNCIL

cc: Councillor De'Ath Cabinet Member  
Councillor Derbyshire Cabinet Member for Environment.  
Paul Orders Chief Executive  
Tara King Assistant Director Environement

**Extract from Special Scrutiny Committee (Corporate Resources) - 23<sup>rd</sup> July, 2014**

“283 REGIONALISING REGULATORY SERVICES PROJECT (DDS) -

The Chairman advised that the purpose of the Special Meeting was to consider a draft Cabinet report on the proposal to create a shared Regulatory Services function with Bridgend and Cardiff Councils.

The Committee was asked to bear in mind the fact that members of staff potentially affected by the proposals had a direct personal interest in the issues to be considered. As such, and following advice from the Monitoring Officer, it was inappropriate for staff to speak at the meeting. The Scrutiny Committee also had no role in considering specific staff-related issues. However, staff could attend the meeting to hear the debate and if they had any generic service issues, they had been able to contact their Trade Union representatives for such issues to be raised at the meeting.

Trade Unions had been offered the opportunity to make representations to the Committee on generic service issues. These questions and responses from Council Officers were tabled at the meeting.

Members of the public (not employed or related to an employee of the Regulatory Services) who may have wished to address the Committee on the item had been requested to contact the Democratic and Scrutiny Services Officer by Friday, 18<sup>th</sup> July, 2014. No such requests to speak had been received.

In terms of the matter before the Committee, the remit of the Committee was to consider the proposal in terms of its impact on the delivery of Regulatory Services in the Vale. The Scrutiny Committee (Corporate Resources), as the lead Committee, would consider the corporate implications of the proposal, including the Council's budgetary situation.

As lead Scrutiny Committee, any comments made at this meeting would be noted and subsequently, encapsulated in a report to Cabinet and Full Council. This process was happening in each of the three Councils and the comments from Scrutiny Committees in each Council would be appended to the Cabinet report.

Staff engagement events were scheduled for later this month and throughout August. The outputs from these would also be built into the Cabinet report.

It was proposed that Cabinet would receive the report in September, with the report then being forwarded to a meeting of the Full Council.

In July 2013, the Cabinets of Cardiff, Bridgend and the Vale of Glamorgan Councils received a report which proposed that a single shared service be created, comprising the Environmental Health, Trading Standards and licensing functions of each Council under a single management structure.

The Councils Scrutiny Committee (Housing and Public Protection) had considered the proposals at a special meeting the previous evening and had subsequently

recommended the following to the Scrutiny Committee (Corporate Resources) as the lead scrutiny committee and the Cabinet for consideration:

**“(1) T H A T the proposal to create a Shared Regulatory Service between Bridgend, Cardiff and the Vale of Glamorgan Councils based on the ‘Collaborative and Change’ Model be endorsed.**

**(2) T H A T Council be requested to consider the establishment of a Joint Scrutiny Committee (i.e. of the constituent Authorities) to be responsible for scrutiny of the Shared Service and that, should the Shared Service be approved by all three constituent Authorities, Joint Scrutiny arrangements be commenced as soon as possible.**

**(3) T H A T further work be undertaken on the Flexible and Mobile Working Arrangements that could apply to staff of the Joint Service and to drawing up appropriate protocols and procedures governing such (page 89 of the Atkins Report refers).**

**(4) T H A T clarity be provided regarding the ways in which members of the public who do not have access to digitalised means of communication can interact with the Shared Service.**

**(5) T H A T the role of the Director to whom the Chief Officer of the Shared Service would report be set out within the governance arrangements.**

**(6) T H A T, in addition to the risks of the Joint Service identified at page 55 and 56 of the Atkins Report, the following be also added:**

- **Failure to achieve culture change and the need for a plan to mitigate against such a risk**

### **Reasons for recommendations**

**(1-6) To provide Cabinet with the views of this Committee for consideration when receiving the proposals to create the shared service.”**

Since July 2013, detailed work had been undertaken on developing the proposals for the shared Regulatory Service. A report would be submitted to the Cabinet of each of the Local Authorities in September 2014, seeking approval to create the shared service. A draft copy of the intended Cabinet report had been included as Appendix 1.

Funding had been secured from the Welsh Government’s Regional Collaboration Fund (RCF) to develop proposals for the project. Part of the funding was used to support the development of the project. W.S. Atkins Ltd (Atkins) were appointed to produce a Target Operating Model (TOM), supporting Business Case and Implementation Plan for the Regionalised Regulatory Service, a copy of which was attached at Appendix A to the report.

As set out in Appendix 1, it was recommended that a formal collaboration be entered into between the three local authorities, with an integrated service operating under a single management structure (this was described as the ‘Collaborate and Change’ option). It was considered that this option provided the best opportunity to reduce

costs and maintain a resilient service. The business case for adopting this model was set out in Appendix A. To ensure that the proposals met the changing circumstances in each Council since the work was completed, Committee were also requested to refer to Appendix B to the report which set out the most up to date analysis.

The Financial, Human Resources and Legal implications were contained in the draft Cabinet report, along with the proposed governance arrangements.

The report was being presented to Scrutiny Committees in each local authority prior to its consideration by Cabinet, in order to allow Cabinet to take any comments or recommendations into account when making its decision. The comments and recommendations of each local authority's scrutiny function would be collated into the final Cabinet report and presented in full to the Cabinet of each local authority.

With the permission of the Committee, the Leader referred to the report under consideration which had been submitted to this scrutiny committee and to the scrutiny committee Housing and Public Protection for pre Cabinet scrutiny who had considered the matter the previous evening. He also referred to similar arrangements taking place at Bridgend and Cardiff Councils. He made reference to the savings required to be found by the Council over the next three years as unprecedented, as was the period of austerity faced by local government in Wales in general for the foreseeable future. It was anticipated the Council would experience a 4.5% reduction in its budget settlement received from the Welsh Government for the next financial year and indeed, the likely budget shortfall for the Council over the next three years was in the region of £32m. He expected that Social Services and Education service would be largely protected and therefore 60 % of the cuts would need to be found from the remaining Council services, some of which were statutory/regulatory in its provision. Accordingly, he was concerned of the impact of such cuts and the resulting capability of such services to retain service resilience over this period. His attention then turned to the collaborative proposals in front of the Scrutiny Committee for consideration of which he considered addressed concerns relating to service resilience and would provide greater accountability to the public. The Council's Regulatory Services would be required to find savings circa £430k which by the scale of reduction would in fact call in to question existing and future service resilience if not addressed. The project and the preferred option 4 (Change and Collaboration) would address service resilience issues and its work had been supported by the Welsh Government with funding for the projects development provided through its Regional Collaborative Fund in the sum of £250,000 for each of the last, current and next financial years.

His attention then turned to comments / representations made at the previous evening's meeting of the Scrutiny Committee (Housing and Public Protection) regarding delay issues in the project timescales. He reminded the Committee that Atkins had been commissioned to produce a TOM, supporting business case and implementation plan on the Regulatory Services collaboration and had been appointed through a formal procurement exercise and had been requested to give an independent evaluation of the collaboration. He stated that Atkins had in fact completed their work on time, however, the progress on the collaboration had slowed due to changes in Chief Executives and the Cabinet and Leader of Cardiff Council and also the publication of the Williams Report which had implications for collaborative projects. However, in his view the Williams Report did not resolve any

collaboration issues for the Council and therefore the Council would continue to collaborate on projects which were meaningful with its partners. The implementation plan in principle identified that this Council would be the host authority albeit the project could only proceed with the agreement of this Council and Bridgend and Cardiff Councils. The Councils recognised Trade Unions had been provided a copy of the Atkins report and the draft Cabinet report on 11<sup>th</sup> July and could not have been provided sooner as initially the report had only been a draft document and the subsequent delays as indicated above had meant that Atkins had been required to revisit the contents and update information to bring it up to date including staffing information, the details of which was set out in the supplementary report of Atkins. If the proposed option was approved, a Joint Committee would be established to oversee the joint service augmented by the proposal to establish a joint scrutiny committee.

The Director of Development Services, together with other officers, outlined the overall report and highlighted some of the Financial, Human Resources and Legal implications set out therein.

The Director of Development Services alluded to the 10 recommendations contained in the draft Cabinet report. He referred to the project having been granted funding of £250,000 by the Welsh Government from the Regional Collaboration Fund on the basis of £250,000 per year for three years. He referred to the progressing of various activities in accordance with the three local authorities' decisions of July 2013 as set out in paragraph 6 of the draft Cabinet report.

The Atkins Report was contained in Appendix A to the draft Cabinet report and outlined proposals in four main areas:

- The Business Case for developing a shared service (page 22)
- A proposed Target Operating Model for the new service (page 57)
- The proposed governance arrangements for the new service (page 65)
- An implementation plan for progressing the work towards the shared service (page 95).

Appendix B to the draft Cabinet report constituted a supplement to the Atkins Report and reflected amendments made to the proposed Target Operating Model, which had been adapted to more appropriately suit the Councils' positions, including an updated assessment of the costs, savings and Human Resources implications (including a revised structure chart) for the project. A three-year Business Plan would be created to ensure a detailed operational and financial basis was established for the shared service. This Plan would consider the potential for further savings to be generated as opportunities arose and as the Medium Term Financial strategies of the three Councils developed.

As set out on page 7 of the draft Cabinet report, various options had been considered and the preferred option identified was 'Collaborate and Change'. The financial benefits of the preferred option were primarily associated with:

- reduced headcount (resulting from harmonised working practices and consolidation of the management structure)
- further reductions in employment costs (arising from a shift in the balance of tasks performed by professional officers vs. technical officers)



- significant increases in income as a result of exploiting new sources of revenue and increasing the yield from existing sources.

The vision for the operating model involved there being three service areas complimented by a central administrative function as follows:

- Neighbourhood Services - activities relating to domestic premises or that had an impact on local communities
- Commercial Services - activities relating to business premises (generally where national standards applied)
- Enterprise and Specialist Services - existing or potential income generating services and / or discrete specialism.
- Administration - administration and support activities and services.

The proposed governance arrangements were contained in paragraphs 26 - 30 of the draft Cabinet report and included a Joint Committee model with two Elected Members nominated from each of the three Councils and a host (employing) authority. Cabinet in July 2013 had approved the recommendation that, should the shadow Joint Committee recommend the governance model that required a host (employing) authority, that the Business Case subsequently be developed on the basis that the Vale of Glamorgan would be the host (employing) authority. Further analysis by Atkins and the Project Team of the merits of each Council performing the role of host had subsequently been undertaken. All Councils had expressed the willingness to undertake the role and had the resources required to manage the project. Taking into account the various factors involved, the Vale of Glamorgan Council had been recommended as offering a balance of the required factors and, therefore, was the proposed host authority. In referring to paragraph 41 of the draft report, he indicated that it would be necessary following agreement of all three Councils to proceed, to establish and to appoint to the Chief Office post for the joint service with the expectation to oversee in conjunction with other relevant officers the transfer of staff to the new service by April, 2015.

The Director of Development Services confirmed that individual Licensing Committees would continue to exist within a shared service.

In terms of the financial implications, the Head of Finance alluded to paragraphs 46 - 72 of the draft Cabinet report. He referred to a number of factors including:

- The Council's existing net budget relating to Regulatory Services totalled £1.6m.
- It was proposed to use the current population figures of the three Councils based on WG data as an initial basis to apportion direct / indirect costs.
- Based on the above apportionment arrangements for allocating direct costs, contributions to the host authority indirect costs and income streams, the Council's contribution was £1.348m.
- Existing income deriving from existing services would continue to be collected and allocated to each respective Council.
- The additional work necessary to achieve an additional £315,000 saving in 2014/15.
- The specific operational savings to be realised for the Vale of Glamorgan Council (i.e. excluding implementation costs) of approximately £257,000 for 2015/16, £300,000 for 2016/17 and total accumulative ongoing savings of

approximately £316,000. This was subject to the assumptions built into the Business Case on costs and income generation. He pointed out that it should be noted that further savings from the shared service were highly likely to be required in the coming years. As far as implementation costs were concerned, the figure of £285,000 in 2015/16 would be met from existing reserves.

- There would also be a 'one-off' figure for the Vale of Glamorgan Council of approximately £180,000 in terms of employment protection (a protection for staff which the other two authorities did not have).
- By its very nature, the project contained a number of assumptions and variables, which were set out in paragraph 71 of the draft Cabinet report.

The Head of Human Resources summarised the human resources and employment issues as set out in paragraphs 73 - 86 of the draft Cabinet report. He referred to the proposals as representing a complex Managing Change Project and should be viewed over a 4 stage process. Stage 1 had commenced in September / October 2013 with meetings between staff and Atkins representatives. He acknowledged that there has been a lag between Stage 1 and Stage 2 for the reasons stated by the Leader. Stage 2 was the current 'pre-Cabinet' engagement arrangements with staff and Trade Unions. The consultation process would continue through the report's progression to Cabinet and Council and, in particular, would build in reference to comments and views received from staff and Trade Unions. However, he indicated there was the potential for a further 14 month period of consultation. He confirmed that, should the Council become host authority, this would involve a 'TUPE-like' transfer of staff. It was envisaged that this would take place from November 2014 through to March 2015 and would need to be managed by Cardiff and Bridgend Councils (in terms of outgoing staff) and the Vale of Glamorgan Council (incoming staff). It would be important to progress matters quickly following TUPE in order to implement the proposed new operating model.

He alluded to three specific aspects of the change process, viz:

- The numbers of staff in the existing, and revised, structures. There were currently 204 FTE equivalents, a figure which would reduce to 178 FTE equivalents.
- The changing balance between professional and technical staff.
- Changes regarding working arrangements.

He confirmed that every effort would be made to mitigate any potential redundancies. The reduction of 26 FTE alluded to above would partly be offset by continuing the policy to date of managing vacancies. The assimilation process for staff would need to be clear and transparent. A significant amount of work would need to be undertaken in terms of developing Job Descriptions and Person Specifications, with the posts being required to go through the relevant Job Evaluation process.

The Operational Manager (Legal Services) summarised the legal implications as set out in paragraphs 88 - 94 of the draft Cabinet report and specifically referred to the enabling legislation under which the proposals had been progressed and to create a joint service. The Joint Committee model provided that the Council would delegate its functions relating to Regulatory Services to the Joint Committee, subject to the caveat that the functions of a Licensing Authority had to be delivered within the

respective Authority. As such, and as alluded to earlier in the meeting, separate Licensing Committees would continue to exist.

Should the proposals be approved, it would be necessary for the three Councils to conclude a formal agreement, sometimes referred to as a joint working agreement.

Information governance, management and security issues were covered in paragraphs 100 - 103 of the draft Cabinet report and she referred to the necessity for compliance with the Data Protection Act 1988 and the requirement to appoint a Compliance Information Commissioners SIRO.

The Chairman invited Mr. P. Carter, UNISON Branch Secretary, to speak and reminded Mr. Carter that the questions that had been received from the Trade Unions and staff had been circulated prior to the meeting.

Mr. Carter expressed the view that, although he acknowledged that their comments had been circulated prior to the meeting; the staff who were not members of Trade Unions had been "denied a voice". (N.B. those comments had, in fact, been included in the information tabled). He indicated that the Trade Unions had been trying to obtain a copy of the Atkins Report for the past seven months and had tried to obtain a copy under the provisions of the Freedom of Information Act. Attempts had been made to convene an emergency meeting of the Joint Consultative Forum to discuss the matter.

Mr. Carter acknowledged that he had been offered an opportunity to view but not have, the report some time ago but had only been given a copy of the report a few days prior to the Committee meeting. He also referred to the number of questions that had been circulated prior to the meeting and said that there would have been many more questions if the Atkins report had been available earlier.

Mr. Carter alluded to a number of matters, including:

- There would be instances of voluntary retirement for the staff. This would be a matter for the Trade Unions to be consulted upon.
- He referred to the historical E-Coli outbreak in the Bridgend area and the future resilience of the service to cope in the event of another outbreak.
- Discrepancies in the total number of staff affected by the proposals i.e.280 in 2013 against the current 168 and the disappearance of BCO posts from the staff establishment.
- The Atkins report included Job Descriptions for the senior posts, but did not include such information for other staff.
- The proposals represented a reduction in front-line staff, which were responsible for protecting people and questioned why a reduction of back office staff in other directorates had not been considered first.
- The proposals, if approved, would place a heavy burden on staff, who had not received a pay rise for many years.
- The Trade Unions would like to have more time to consider the Atkins report.
- There were concerns with TUPE.
- The Committee were requested to defer consideration of the report in order that the Trade Unions could undertake meaningful consultation.
- He referred to the staff having submitted a collective grievance.

- 75% of staff would be unable to attend the staff meeting proposed for the forthcoming Friday, as they already had client appointments to attend to.
- He referenced the Atkins report and the necessity for increased mobile working and intimated entitlement for essential user allowance for staff that fell under these requirements.

The Chairman invited questions from Members of the Committee.

A Member, in referring to TUPE arrangements, enquired as to whether future staff arrangements including any remodelling exercise had been considered particularly, in the event of the Council becoming the host authority. On a separate unrelated matter, he also queried the variation in projected income levels of the proposed joint service.

As far as the TUPE process was concerned, the Head of Human Resources alluded to the work already undertaken and to advice having been sought regarding the best way of handling such a complex process. He indicated that a remodelling process would commence April 2015; with the view to assimilating staff transferring into this Council as part of the change process and the associated risks were covered in the legal agreement.

The Head of Finance clarified the position in regard to projected income levels and indicated that for the period 2015/16 the figures reflected a six month period given that the new service would have not fully bedded in. The figures for the remaining financial years reflected a full year's income.

A Member referred to the initial aspirations for engagement with stakeholders which had clearly raised expectations however, it appeared that a hiatus of several months had occurred and feared that the affected staff would blame the Council. He also referred to the implementation plan and related work group streams and considered that this was an opportunity to involve the trade unions in these activities.

A Member referred to the WG current stance in regard to the Williams Report and understood their emphasis regarding mergers. He also understood the pressure the current administration was under to balance the Budget. However, he expressed concern that the existing service would be adversely affected and referred to the support provided by the officers within this service area in supporting Elected Members when dealing with ward related issues and sought an assurance that the current service level would be maintained. He also felt that the staff restructuring exercise which would result in a change of status from professional to technical was clearly a cause for concern of those staff affected and intimated that the Committee would need to be assured that a move to change the status of posts was not without justification. His attention then turned to the establishment of a joint scrutiny committee and he was unclear from the report how this dovetailed in to the Councils existing governance arrangements.

In responding to the various point raised by Members and Unison, the Leader and the Head of Human Resources reiterated their earlier comments that the Council was unable to release the Atkins report to the Trade Unions because, initially, the report was in draft. When available, the Trade Unions were sent an 'in confidence' report on 11<sup>th</sup> July, which was prior to the Members of the Council having received a

copy. They both reminded the Committee that the non-Union staff comments had, indeed, been included in the information tabled.

The Leader stressed that the consultation process was ongoing and would continue. He reminded Members that the current report was, in fact, a draft Cabinet report and he did not accept that the service would be 'decimated', but considered that it would be more resilient as a result of the proposed merger. In referring to the point regarding the issues of BCO posts he indicated that these had been removed from the structure as part of the review to bring information up to date since the original work had been undertaken.

The Head of Human Resources referred to the matter regarding Unison's request for an emergency meeting of the Joint Consultative Forum of which he was aware of. The request had been put to the Change Forum for consideration, who subsequently decided that the convening of an emergency meeting of the Joint Consultative Forum was inappropriate. It was also his understanding that the comments / questions tabled represented those of Unison only and not the Trade Unions collectively. He also referred to the reduction of FTE posts and clarified the position by providing up to date information and referred to an overall reduction of 13%. He also felt that Mr Carter's reference to a collective grievance having been lodged by staff as inappropriate, as the matter was confidential to those individual employees. In terms of Unison's request for a copy of the report under the auspices of the Freedom of Information Act, he acknowledged that this request had been declined for the stated reasons above. The decision to decline Unison's request had been subsequently endorsed by the Information Commissioner's Office following Unison's appeal to the same. As for the issue relating to the availability of job descriptions and person specifications for posts relating to the staff structure for the joint service, these would be developed as early as possible and in consultation with staff.

A Member indicated that he was broadly supportive of the proposals, but echoed the concerns already raised by other Members of the Committee particularly, regarding any impact of the proposals which would potentially lead to a service reduction. He also queried the methodology relating to the procurement of IT systems and alluded to the poor track record of public sector organisations in this area. He sought an assurance that any tender exercise had sufficient quality assurance to ensure that any hardware / software procured would be fit for purpose and future proofed. In response, the Support Manager (Applications) ICT Services acknowledged the points raised and alluded to an options appraisal exercise that would need to be undertaken which would in turn inform the necessary requirements and the tender specification and tender exercise. He referred to the potential implementation period and timescales which were set out on page 102 and 190 of the Atkins report.

The Chairman referred to communication and marketing arrangements for the new joint service and enquired how this would be conveyed to staff, the business sector and the public. He felt that it was important to ensure that the message to the above was business as usual and indicated that it was a credit to staff that service levels had been maintained through this challenging period. The Director of Development Services indicated that this was an important aspect moving forward with the proposals albeit, no specifics had been agreed as the three Councils had not yet formally agreed to form a joint service. The branding of the new service would require further consideration in the coming months.

Councillor Powell who spoke with the permission of the Committee and referred to the draft Cabinet report associated appendices. He considered the implications contained in these documents were far reaching and felt that Members should be given more time to consider the proposals and felt that the matter be deferred to a further meeting of the Committee. He also felt that this would allow staff and trade unions more time to consider the contents of the documents. He also referred to licence fees and suggested that these may need to be reduced in light of the outcome of the legal case against Cardiff Council in relation to taxi licensing overcharging. He also felt that insufficient consideration had been given to reduction of staff numbers in non-public facing services such as legal, HR and Payroll. In referring to stakeholder implications he wondered if a consultation exercise would be held with license holders regarding the proposals. He questioned whether the Committee had been given sufficient time to consider to all the various issues to allow them to be informed sufficiently to make recommendations on the proposals for the Cabinet's consideration.

The Leader in response referred the Member to his earlier comments relating to the viable option, the very comprehensive report in front of the Committee for consideration, the clarification provided relating to the Williams Report and that the WG had accepted the business rationale for forming a Joint Service. He also reminded the Member that staff from other directorates were outside the scope of this report. To do nothing was not an option, as the Regulatory division would still be required to find efficiency savings as part of the ongoing budget review, which in all likelihood impair service resilience due to the level of savings required. This situation would impact on staff, stakeholders and the public and the proposal were the only way forward. He also saw no reason why the proposals would affect current income from fees. Harmonisation could see fees increase / reduce, but indicated that a review of fees would need to take place at point. Current licence holders would be unaffected by the proposals.

General discussion ensued with Members reiterating points in relation to the following:

- Sharing of costs based on population.
- Equality regarding the make of the joint scrutiny committee and the need to ensure the chairmanship was rotated between councils.
- The necessity to weight up savings against risks.
- Concerns regarding IT procurement.
- To take advantage of lessons learned/ best practice within local government where similar exercises had been undertaken in the UK.

Having considered the recommendations of the Scrutiny Committee (Housing and Public Protection) of 22<sup>nd</sup> July, 2014 it was

#### RECOMMENDED –

(1) T H A T the recommendations of the Scrutiny Committee (Housing and Public Protection) of 22<sup>nd</sup> July, 2014 be endorsed and referred to Cabinet for further consideration.

(2) T H A T the inclusion of trade union representation on the nine work streams working groups be recommended to Cabinet for consideration.

(3) T H A T the Cabinet consider making use of exemplar / best practice in respect of those local authorities that had already implemented a shared service for regulatory activities i.e. the case studies identified in Appendix G of the Atkins report with particular focus on IT systems.

(4) T H A T a Joint Scrutiny Committee be established as soon as practicable following the three Councils agreement to create a Joint Regulatory Service.

Reason for recommendations

(1-4) To relay the views of both Scrutiny Committees to the Cabinet.”

**Extract from Special Scrutiny Committee (Housing and Public Protection)**  
**Meeting: 22<sup>nd</sup> July, 2014**

“280 REGIONALISING REGULATORY SERVICES PROJECT (DDS) -

The Chairman advised that the purpose of the Special Meeting was to consider a draft Cabinet report on the proposal to create a shared Regulatory Services function with Bridgend and Cardiff Councils.

The Committee was asked to bear in mind the fact that members of staff potentially affected by the proposals had a direct personal interest in the issues to be considered. As such, and following advice from the Monitoring Officer, it was inappropriate for staff to speak at the meeting. The Scrutiny Committee also had no role in considering specific staff-related issues. However, staff could attend the meeting to hear the debate and if they had any generic service issues, they had been able to contact their Trade Union representatives for such issues to be raised at the meeting.

Trade Unions had been offered the opportunity to make representations to the Committee on generic service issues. These questions and responses from Council Officers were tabled at the meeting.

Members of the public (not employed or related to an employee of the Regulatory Services) who may have wished to address the Committee on the item had been requested to contact the Democratic and Scrutiny Services Officer by Friday, 18<sup>th</sup> July, 2014. No such requests to speak had been received.

In terms of the matter before the Committee, the remit of the Committee was to consider the proposal in terms of its impact on the delivery of Regulatory Services in the Vale. The Scrutiny Committee (Corporate Resources), as the lead committee, would consider the corporate implications of the proposal, including the Council's budgetary situation.

Any comments made at this meeting would be reported to the forthcoming meeting of the Scrutiny Committee (Corporate Resources) and, subsequently, encapsulated in the report to Cabinet and Full Council. This process was happening in each of the three Councils and the comments from Scrutiny Committees in each Council would be appended to the Cabinet report.

Staff engagement events were scheduled for later this month and throughout August. The outputs from these would also be built into the Cabinet report.

It was proposed that Cabinet would receive the report in September, with the report then being forwarded to a meeting of the Full Council.

In July 2013, the Cabinets of Cardiff, Bridgend and the Vale of Glamorgan Councils received a report which proposed that a single shared service be created, comprising the Environmental Health, Trading Standards and Licensing functions of each Council under a single management structure.



Since July 2013, detailed work had been undertaken on developing the proposals for the shared Regulatory Service. A report would be submitted to the Cabinet of each of the Local Authorities in September 2014, seeking approval to create the shared service. A draft copy of the intended Cabinet report had been included as Appendix 1.

Funding had been secured from the Welsh Government's Regional Collaboration Fund (RCF) to develop proposals for the project. Part of the funding was used to support the development of the project. W.S. Atkins Ltd (Atkins) were appointed to produce a Target Operating Model, supporting Business Case and Implementation Plan for the Regionalised Regulatory Service, a copy of which was attached at Appendix A to the report.

As set out in Appendix 1, it was recommended that a formal collaboration be entered into between the three local authorities, with an integrated service operating under a single management structure (this was described as the 'Collaborate and Change' option). It was considered that this option provided the best opportunity to reduce costs and maintain a resilient service. The business case for adopting this model was set out in Appendix A. To ensure that the proposals met the changing circumstances in each Council since the work was completed, Committees were also requested to refer to Appendix B to the report which set out the most up to date analysis.

The Financial, Human Resources and Legal implications were contained in the draft Cabinet report, along with the proposed governance arrangements.

The report was being presented to Scrutiny Committees in each local authority prior to its consideration by Cabinet, in order to allow Cabinet to take any comments or recommendations into account when making its decision. The comments and recommendations of each local authority's scrutiny function would be collated into the final Cabinet report and presented in full to the Cabinet of each local authority.

With the permission of the Committee, the Leader, Councillor N. Moore addressed the Scrutiny Committee as follows:

- The Council was facing the worst level of financial cuts that local government had ever had to face.

A report to Cabinet on 30<sup>th</sup> June, 2014 had indicated that the Council was, potentially, going to be required to find £32m savings in the next three years. Of that figure, and notwithstanding savings already, identified, up to £22m was still likely to have to be identified.

- Savings would have to be found within Regulatory Services next year totalling some £450,000. This, in turn, had led to the need to consider whether the service could continue in its existing form. Indeed, since the proposals had originally been formulated, further savings had been imposed upon each of the three local authorities and, consequently, some of the figures quoted in the documentation might have changed.

- The Committee was reminded that this report represented 'pre-decision scrutiny', as was occurring in each of the three authorities.
- Consultation with staff and Trade Unions would continue.
- There was a need for the service to be resilient and what was proposed was a reasonable alternative. Should the proposals be agreed, the resilience of the service would be safeguarded.
- Concerns had been expressed concerning the delay between the initial consultation and the release of the Atkins report. The delay had been caused by a number of factors, not least the need to update the original proposals in the Atkins report and also the change of leadership in Cardiff Council, which had led to a need to review the proposals by that Council.
- The report proposed that the Vale of Glamorgan Council be the host authority.
- The report proposed the establishment of a Joint Committee and also proposed the management structure. If the proposals were approved, consideration would also be given to the establishment of a Joint Scrutiny Committee.
- He suggested that Appendix B of the Atkins Report probably best represented/summarised the current position.
- Any comments made from this, or the Scrutiny Committee (Corporate Resources) would be reported to Cabinet to assist its decision-making.
- Acknowledging that this was an emotive issue, the Leader, nevertheless, considered the proposals to be the only viable way forward in terms of maintaining service delivery.

The Director of Development Services, together with other officers, outlined the overall report and highlighted some of the Financial, Human Resources and Legal implications set out therein.

The Director of Development Services alluded to the 10 recommendations contained in the draft Cabinet report. He referred to the project having been granted funding of £250,000 by the Welsh Government from the Regional Collaboration Fund on the basis of £250,000 per year for three years. He referred to the progressing of various activities in accordance with the three local authorities' decisions of July 2013 as set out in paragraph 6 of the draft Cabinet report.

The Atkins Report was contained in Appendix A to the draft Cabinet report and outlined proposals in four main areas:

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- An implementation plan for progressing the work towards the shared service (page 95).

Appendix B to the draft Cabinet report constituted a supplement to the Atkins Report and reflected amendments made to the proposed Target Operating Model, which had been adapted to more appropriately suit the Councils' positions, including an updated assessment of the costs, savings and Human Resources implications (including a revised structure chart) for the project. A three-year Business Plan would be created to ensure a detailed operational and financial basis was established for the shared service. This Plan would consider the potential for further savings to be generated as opportunities arose and as the Medium Term Financial strategies of the three Councils developed.

As set out on page 7 of the draft Cabinet report, various options had been considered and the preferred option identified was 'Collaborate and Change'. The financial benefits of the preferred option were primarily associated with:

- reduced headcount (resulting from harmonised working practices and consolidation of the management structure)
- further reductions in employment costs (arising from a shift in the balance of tasks performed by professional officers vs. technical officers)
- significant increases in income as a result of exploiting new sources of revenue and increasing the yield from existing sources.

The vision for the operating model involved there being three service areas complimented by a central administrative function as follows:

- Neighbourhood Services - activities relating to domestic premises or that had an impact on local communities
- Commercial Services - activities relating to business premises (generally where national standards applied)
- Enterprise and Specialist Services - existing or potential income generating services and/or discrete specialism.
- Administration - administration and support activities and services.

The proposed governance arrangements were contained in paragraphs 26 - 30 of the draft Cabinet report and included a Joint Committee model and a host (employing) authority. Cabinet in July 2013 had approved the recommendation that, should the shadow Joint Committee recommend the governance model that required a host (employing) authority, that the Business Case subsequently be developed on the basis that the Vale of Glamorgan would be the host (employing) authority. Further analysis by Atkins and the Project Team of the merits of each Council performing the role of host had subsequently been undertaken. All Councils had expressed the willingness to undertake the role and had the resources required to manage the project. Taking into account the various factors involved, the Vale of Glamorgan Council had been recommended as offering a balance of the required factors and, therefore, was the proposed host authority.

The Director of Development Services confirmed that individual Licensing Committees would continue to exist within a shared service.

References/Cabinet

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In terms of the financial implications, the Head of Finance alluded to paragraphs 46 - 72 of the draft Cabinet report. He referred to a number of factors including:

- The additional work necessary to achieve an additional £315,000 saving in 2013/14.
- The specific operational savings to be realised for the Vale of Glamorgan Council (i.e. excluding implementation costs) of approximately £257,000 for 2015/16, £300,000 for 2016/17 and total accumulative ongoing savings of approximately £316,000. This was subject to the assumptions built into the Business Case on costs and income generation. He pointed out that it should be noted that further savings from the shared service were highly likely to be required in the coming years. As far as implementation costs were concerned, the figure of £285,000 in 2015/16 would be met from existing reserves.
- There would also be a 'one-off' figure for the Vale of Glamorgan Council of approximately £180,000 in terms of employment protection (a protection for staff which the other two authorities did not have).
- By its very nature, the project contained a number of assumptions and variables, which were set out in paragraph 71 of the draft Cabinet report.

The Head of Human Resources summarised the human resources and employment issues as set out in paragraphs 73 - 86 of the draft Cabinet report. He referred to the proposals as representing a complex Managing Change Project. As far as consultation with staff and Trade Unions was concerned, this process had already commenced in terms of pre-decision consultation. The consultation process would continue through the report's progression to Cabinet and Council and, in particular, would build in reference to comments and views received from staff and Trade Unions. He confirmed that, should the Council become host authority, this would involve a 'TUPE-like' transfer of staff. It was envisaged that this would take place from November 2014 through to March 2015 and would need to be managed by Cardiff and Bridgend Councils (in terms of outgoing staff) and the Vale of Glamorgan Council (incoming staff). The move to the new operating model would commence shortly after the transfer of staff.

He alluded to three specific aspects of the change process, viz:

- The numbers of staff in the existing, and revised, structures. There were currently 204 FTE equivalent, a figure which would reduce to 178 FTE equivalent.
- A change in the balance between professional and technical staff.
- Changes regarding working arrangements.

He confirmed that every effort would be made to mitigate any redundancies. The reduction of 26 FTE alluded to above would partly be offset by continuing the policy to date of managing vacancies. The assimilation process for staff would need to be clear and transparent. A significant amount of work would need to be undertaken in terms of developing Job Descriptions and Person Specifications, with the posts being required to go through the relevant Job Evaluation process.

The Operational Manager (Legal Services) summarised the legal implications as set out in paragraphs 88 - 94 of the draft Cabinet report. The Joint Committee model provided that the Council would delegate its functions relating to Regulatory Services to the Joint Committee, subject to the caveat that the functions of a Licensing Authority had to be delivered within the respective Authority. As such, and as alluded to earlier in the meeting, separate Licensing Committees would continue to exist.

Should the proposals be approved, it would be necessary for the three Councils to conclude a formal agreement. The heads of that agreement were set out on page 22 of the report.

Information governance, management and security issues were covered in paragraphs 100 - 103 of the draft Cabinet report.

The Chairman invited Mr. P. Carter, UNISON Branch Secretary to speak and reminded Mr. Carter that the questions that had been received from the Trade Unions and staff had been circulated prior to the meeting.

Mr. Carter expressed the view that, although he acknowledged that their comments had been circulated prior to the meeting, the staff who were not members of Trade Unions had been "denied a voice". (N.B. those comments had, in fact, been included in the information tabled).

The Trade Unions had been trying to obtain a copy of the Atkins Report for the past seven months and had tried to obtain a copy under the provisions of the Freedom of Information Act. Attempts had been made to convene an emergency meeting of the Joint Consultative Forum to discuss the matter.

Mr. Carter acknowledged that he had been offered an opportunity to view but not have, the report some time ago but had only been given a copy of the report a few days prior to the committee meeting.

Mr. Carter referred to the number of questions that had been circulated prior to the meeting and said that there would have been many more questions if the Atkins report had been available earlier.

Mr. Carter alluded to a number of matters, including:

- There would be instances of voluntary retirement for the staff. This would be a matter for the Trade Unions to be consulted upon.
- The Atkins report included Job Descriptions for the senior posts, but did not include such information for other staff.
- The proposals represented a reduction in front-line staff, who were responsible for protecting people
- The proposals, if approved, would place a heavy burden on staff, who had not received a pay rise for many years.
- The Trade Unions would like to have more time to consider the Atkins report.
- There were concerns with TUPE.

- The Committee were requested to defer consideration of the report in order that the Trade Unions could undertake meaningful consultation.
- He referred to the staff having submitted a collective grievance.

In response, the Leader stated that the Council were unable to release the Atkins report to the Trade Unions because, initially, the report was in draft. When available, the Trade Unions were sent an 'in confidence' copy of the final report on 11<sup>th</sup> July, which was prior to the Members of the Council having received a copy.

The Leader was aware of the request for an emergency meeting of the Joint Consultative Forum. The request had been considered by the Change Forum and explanations given regarding why it was not appropriate to call an emergency meeting.

The Leader reminded the Committee that the non-Union staff comments had, indeed, been included in the information tabled. He stressed that the consultation process was ongoing and would continue.

He reminded Members that the current report was, in fact, a draft Cabinet report. He did not accept that the service would be 'decimated', but considered that it would be more resilient as a result of the proposed merger. It was his understanding that the comments/questions tabled represented those of UNISON and not the Trade Unions collectively. Finally, he felt that there should not have been a reference to any collected grievance having been lodged as this should have been regarded as a confidential matter.

In referring to comments from the UNISON Branch secretary, the Head of Human Resources stressed the need to distinguish between full-time equivalent, and headcount, figures.

The Head of Human Resources, in referring to TUPE issues, stated that the Council was determined to deal with the issue in the correct manner.

The Chairman invited questions from Members of the Committee.

A Member expressed the view that 'to do nothing' was not a viable option in view of the inevitable financial cuts facing the Council. Furthermore, he considered:

- it important that the Trade Unions were involved
- it important that Job Descriptions were developed
- that 'collaborate and change' was, in overall terms, the best option.

Clarification was sought as to the significance of the use of NPV (Net Present Value). The Head of Finance referred to NPV as being a Business Investment Modelling Tool which could be used in relation to projects such as this, whereby the amount invested today was compared to the present value of the future cash receipts generated from the investment in order to establish the financial viability of the project.

A Member, in referring to the Williams Report, enquired if collaboration was the correct approach and whether the Welsh Government had been consulted on the proposals.

Members were reminded that the Welsh Government had yet to make a final decision on the Williams Report. A White Paper had recently been issued for consultation. Furthermore, even if the Williams Report was implemented, this was not likely until the year 2020. The level of savings required could not wait until then. It was necessary for the proposals to go ahead with, or without, a decision having been taken on the contents of the Williams Report.

Regarding consultation with the Welsh Government, the Committee was reminded that the Welsh Government had funded the development work through the Welsh Government's Regional Collaboration Fund. The Welsh Government was aware of how the Councils were utilising the funding.

A Member expressed the view that the three collaborative authorities all worked differently and asked what guarantee there was that the collaborative model would work to high standards in the transition period.

Acknowledging that there would be an element of 'upheaval' during the change process, the Director of Development Services also credited the team involved in terms of the service being delivered in the face of already existing severe budgetary pressures. The managing of vacancies would continue to be an important aspect of the change process. He also alluded to the staff being very committed to the service.

As far as the TUPE process was concerned, the Head of Human Resources alluded to the work already undertaken and to advice having been sought regarding the best way of handling such a complex process.

Discussions ensued as to the type of scrutiny to be put in place for the scrutiny of the Shared Service. The view was expressed that the establishment of a Joint Scrutiny Committee, comprising representatives of the constituent Authorities, be established as soon as possible.

Reference was made to page 89 of the Atkins Report, which provided examples of different approaches to flexible and mobile working arrangements. Members expressed the wish for more appropriate protocols and procedures governing such to be drawn up.

Members acknowledged that the collaboration would involve a 'cultural change' for the staff. It was felt that, in addition to the risks of the Joint Services as identified at page 55 and 56 of the Atkins Report, the following be also added: 'Failure to achieve culture change and the need for a plan to mitigate against such a risk'.

Reference was made to the different ICT systems which would currently exist within the three local authorities. The intention was that a common network infrastructure would be in place by 2015 to allow staff in various geographical locations to access central systems such as emails and calendars, and then, following a full tendering

process, a fully integrated system would be implemented to replace any legacy systems, and would support the three new service areas and their central administration team in the future.

In referring to page 90 which concerned the provision of Information and Systems for the Shared Service, a Member advised that there were still 'non-digitalised' people who used the service and urged that services be developed for people who were not familiar with the internet.

A request was made that the role of the Director to whom the Chief Officer of the Shared Service would report be set out within the governance arrangements.

Having considered the contents of the report, the comments of officers and the representations of the Trade Unions, it was

RECOMMENDED – That Cabinet be advised that it was the view of the Committee:

- (1) T H A T the proposal to create a Shared Regulatory Service between Bridgend, Cardiff and the Vale of Glamorgan Councils based on the 'Collaborative and Change' Model be endorsed.
- (2) T H A T Council be requested to consider the establishment of a Joint Scrutiny Committee (i.e. of the constituent Authorities) to be responsible for scrutiny of the Shared Service and that, should the Shared Service be approved by all three constituent Authorities, Joint Scrutiny arrangements be commenced as soon as possible.
- (3) T H A T further work be undertaken on the Flexible and Mobile Working Arrangements that could apply to staff of the Joint Service and to drawing up appropriate protocols and procedures governing such (page 89 of the Atkins Report refers).
- (4) T H A T clarity be provided regarding the ways in which members of the public who do not have access to digitalised means of communication can interact with the Shared Service.
- (5) T H A T the role of the Director to whom the Chief Officer of the Shared Service would report be set out within the governance arrangements.
- (6) T H A T, in addition to the risks of the Joint Service identified at page 55 and 56 of the Atkins Report, the following be also added:
  - Failure to achieve culture change and the need for a plan to mitigate against such a risk.

#### Reason for recommendations

(1-6) To provide Cabinet with the views of this Committee for consideration when receiving the proposals to create the shared service."