

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

15 OCTOBER 2014

REPORT OF THE CHIEF EXECUTIVE

REGIONALISING REGULATORY SERVICES PROJECT

1. Purpose of Report

- 1.1 To provide an update to Council on the progress being made to create a shared regulatory service between Bridgend, Cardiff and Vale of Glamorgan Councils.
- 1.2 To seek approval to create the regionalised service as outlined in this report.
- 1.3 It should be noted that due to the size of the Appendices A-I copies will only be sent out electronically, but hard copies will be made available in the Members' lounge or via Committee Services upon request.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 This report relates to the following priorities in the Corporate Plan 2013-2017:

Working Together to Make the Best Use of Our Resources

3. Background

- 3.1 As part of the Welsh Government's Regional Collaboration Fund, the Bridgend, Cardiff and Vale of Glamorgan Councils have considered a shared service opportunity in relation to Regulatory Services. The proposal envisages an integrated service operating under a single management structure for the Trading Standards, Environmental Health and Licensing functions with a shared governance arrangement ensuring full elected member involvement.
- 3.2 The project has been identified as an opportunity for the Councils to create a new innovative service on a regional basis that can deal with changing customer demands at a time of reduced levels of funding. In considering matters, the councils are conscious of the White Paper "Reforming Local Government"; the Welsh Government's consultation paper about the future of Local Government in Wales and the likely timescales. However, there is a need to proceed with this project at the current time to ensure continued delivery of a sustainable and resilient Regulatory Service, given the financial pressures being experienced by all three Councils.
- 3.3 The financial and non-financial benefits of the project are anticipated to include:
 - Development of a robust and sustainable collaborative service best placed to meet future service and financial challenges;

- Development of best practice for the benefit of businesses and consumers;
- Enhanced flexibility and service resilience to respond to emergencies and changing levels of demand through economies of scale;
- Opportunities to enhance workforce development and embrace innovative technical and mobile working practices;
- Annual financial efficiencies across the three authorities to assist in meeting the needs of the Councils' medium term financial plans;
- Improved access to a wider range of specialist knowledge; and
- The creation of a transferrable model for collaboration from which the Councils and other bodies can learn to improve future collaborative working projects.

3.4 The project was granted funding of £250,000 in 2013/14 to support development and implementation. Funding for a further two years was also approved in principle by the Welsh Government from the Regional Collaboration Fund for a further £250,000 per annum.

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

3.6 In accordance with the Cabinet decisions in July 2013 the following activities have been progressed:

- Funding from the Regional Collaboration Fund was used to appoint WS Atkins Limited (Atkins) to develop and test the proposal as a detailed business case and determine the feasibility of such a venture. The work completed by Atkins has been complemented by a cross-council project team.
- The Chief Executive from Bridgend Council has undertaken the role of Chief Executive Project Sponsor.
- The Head of Regulatory Services from Cardiff Council has assumed responsibility as the interim project manager for the initial development phase of the project.
- The Heads of Regulatory Services from each Council have continued to work together to support preparations for the proposed collaborative service whilst ensuring continuity of service.
- A Shadow Joint Committee (SJC) has been established to provide overall direction for the project pending decision by each authority as to the way forward. The SJC has comprised two elected members from each authority.
- Staff and Trade Unions have been briefed throughout the development of the project. A Trade Union Forum has been established with representatives from the recognised trade unions across Bridgend, Cardiff and Vale of Glamorgan Councils. Workshops have been held with staff and managers from each Council during the consultancy assignment to inform the development of the Target Operating Model (TOM), Business Case and Implementation Plan. Staff briefings have been held in each Council during the project to date and there are further sessions planned. Further engagement and consultation activities are required and are described in this report.
- The Council has entered into an interim collaborative working agreement on this matter.

3.7 The Councils have considered their duties under relevant equalities legislation and have given due regard to the legislation in developing proposals for the shared

service. An Equality Impact Assessment has been prepared (Appendix D) to draw specific equalities issues to the fore and identify ways to manage them; this document will be further developed and updated at appropriate intervals should a decision be made to proceed.

- 3.8 Prior to this report being brought to Cabinet & Council, a pre-decision engagement process has been undertaken running from 22nd July to 5th September 2014. This process has included a draft of this report being tabled at relevant scrutiny committees in all three local authorities. In addition to this, a series of staff engagement events and meetings with trade unions have been held to seek views on the proposals for collaboration.
- 3.9 Where appropriate, the issues raised by these comments and questions have been incorporated in the relevant sections of this report with further detail being outlined in the consultation section of the report and set out in Appendices F, G, H and I.

4. Current Situation / Proposal

4.1 This report sets out the result of the detailed work undertaken by the Councils to date on developing proposals for the shared regulatory service and, as a result of the decisions taken by Cabinet in July 2013, is reporting to seek approval to create the shared service in line with the recommendations contained in this report. The questions and comments received from Scrutiny Committees, staff and Trade Unions in the three Councils are reflected as appropriate in the relevant sections of the report and associated appendices. Any issues of accuracy highlighted during this process have been reviewed and are not considered to undermine the principles of the collaboration. Corrections will be made as necessary during the course of the project should approval be given to proceed.

4.2 Consultancy Commission

4.2.1 Following a procurement exercise, Atkins were commissioned in September 2013 to produce a business case, TOM and implementation plan for the creation of a shared regulatory service. The report produced by Atkins can be found in Appendix A and outlines proposals in four main areas:

- The Business Case for developing a shared service (Page 22);
- A proposed TOM for the new service (Page 57);
- The proposed governance arrangements for the new service (Page 65); and
- An implementation plan for progressing the work towards the shared service (Page 95).

4.2.2 The officer project team reviewed the commissioned work and proposals with a view to ensuring these would fit the changing circumstances of the Councils. The information used in the creation of the commissioned report was the 2013/14 budget for the services. Since that report was produced, the Councils have made significant budget reductions for the 2014/15 financial year of approximately £1million which should be considered in addition to the potential savings outlined in this report. Appendix B is therefore provided as a supplement to the Atkins report and reflects the amendments made to the proposed Target Operating Model which has been adapted to more appropriately suit the Councils' current positions,

including an updated assessment of the costs, savings and HR implications (including proposed revised structure chart) for the project.

4.2.3 A three year business plan would be created to ensure a detailed operational and financial basis is established for the shared service in the immediate and medium term. This plan would outline how additional savings could be delivered. Savings would initially be sought from the costs of implementation and subsequently from the operating costs. These savings would enable the service to deliver savings in line with those being expected from other Council services as outlined in the Medium Term Financial Plans of each Council.

4.2.4 A commentary on the main elements and proposals is set out in the following sections. The detailed financial and human resource implications are set out in the subsequent sections of this report.

4.3 Business Case

4.3.1 The business case developed by Atkins has built on the Councils' regional vision for regulatory services as being a fully integrated function working across Bridgend, Cardiff and the Vale of Glamorgan, operating within one management structure. The business case follows the HM Treasury recommended standard "Five Case Model" and presents the strategic, economic, commercial, financial and management case for the development of the service.

4.3.2 The strategic case establishes the case for change, based on an analysis of current economic, political and operational drivers for change.

4.3.3 The economic case builds on the strategic case by identifying the best value for money approach to meeting the strategic demands being placed on the services. An options appraisal was undertaken to identify whether the Councils should commit to a collaborative model for the delivery of the service and whether a fundamental shift should be made in the way these services are delivered.

4.3.4 The options considered involve the three local authorities collaborating and/or changing the way in which regulatory services are delivered as follows:

Option	Implications	Financial Implications
<p><u>Do Nothing</u></p> <p>No collaboration between the three local authorities (other than the informal arrangements already in place) or any fundamental changes to the way in which services are delivered at a local level.</p>	<p>The need to reduce service levels and/or discontinue services at a local level to meet budget requirements will be greater in this scenario than for the other options considered and exposes the Councils to significant risks in terms of the resilience and longer-term continuity of key public services.</p>	<p>Councils would continue to make their own savings independently and not benefit from collaborative opportunities.</p>

<p><u>Collaborate Only</u></p> <p>Formal collaboration between the three local authorities without any significant changes to working practices. In effect this option provides a single management structure with frontline service operations remaining unchanged across the three administrations.</p>	<p>Some opportunity to harmonise operating arrangements. Does not provide opportunity to maximise attainment of benefits as there would be an insignificant increase in resilience or ability to generate efficiency savings other than from senior management arrangements.</p>	<p>Limited savings other than from senior management arrangements (other savings as in do nothing above).</p>
<p><u>Change Only</u></p> <p>Delivering a number of the new ways of working outlined in the TOM, but without collaboration between the three local authorities.</p>	<p>Some opportunity to increase service resilience and generate efficiency savings through wholesale service remodelling.</p>	<p>The 'change only' option, like the 'do nothing' option, whilst having the potential to deliver savings, exposes the Councils to significant risks in terms of the resilience and longer-term continuity of key public services.</p>
<p><u>Collaborate & Change</u></p> <p>Formal collaboration between the three local authorities with an integrated service operating under a single management structure.</p>	<p>Maximises opportunity to increase service resilience and generate efficiency savings through wholesale service remodelling and relocating staff. Benefits would be realised at operational and strategic levels.</p>	<p>A reduction in employment costs, whilst maintaining all elements of statutory provision, along with income generating opportunities. However, this model will require investment in the implementation stage.</p>

4.3.5 Members will note the preferred option is that of the "collaborate and change" as it delivers a collaborative regulatory services model shared by Bridgend, Cardiff and Vale of Glamorgan Councils and also takes the opportunity to introduce fundamental changes to the way in which services are managed and delivered.

4.3.6 The commercial case outlines how the "collaborate and change" model can be delivered. The case concluded that a host (employing) authority should be established for the shared service and that the councils should identify who the host authority should be.

4.3.7 The financial benefits of this option are 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); and
- Significant increases in income as a result of exploiting new sources of revenue and increasing the yield from existing sources.

4.3.8 The financial case provides an analysis of the funding requirements, methods of cost and income apportionment and resulting savings in adopting the "collaborate and change" model. These are described in further detail in the financial implications section of this report. Due to the changes in budgets since the work was completed by Atkins, it is important to refer also to Appendix B which provides an updated analysis of the financial case.

4.3.9 The business case concludes with the management case. This sets out how the project could be delivered, the timescales and resource requirements.

4.4 Target Operating Model (TOM)

4.4.1 TOM describes how the shared service based on the "collaborate and change" model would be structured, how it would operate and how it would be governed.

4.4.2 The vision for the operating model involves there being three service areas complemented by a central administrative function as follows:

- Neighbourhood services - activities relating to domestic premises or which have an impact on local communities;
- Commercial services - activities relating to business premises (generally where national standards apply);
- Enterprise and Specialist services - existing or potential income generating services and/or discrete specialisms; and
- Administration - administration and support activities and services.

4.4.3 The indicative employment structure recommended by Atkins has been refined to meet budgetary pressures whilst still maintaining the principles of the recommended operating model. The new structure will be subject to consultation with staff and the trade unions following the transfer process in April 2015. The new management team will develop a three year business plan for the service and this will be required to reflect current and future financial and service pressures, should this proposal be endorsed.

4.5 Governance

4.5.1 In July 2013, Cabinet endorsed a recommendation that the SJC should consider a range of collaboration models, including a Joint Committee model, to provide governance to the proposed regional regulatory service in order to provide direction for the development of the business case and TOM. The internal project team prepared a report detailing a number of potential governance models to support collaborative working, informed by existing collaborative work between the authorities, work done by other local authorities on collaborative regulatory arrangements and guidance issued by bodies such as the Welsh Local Government Association. This report was provided to Atkins as part of their engagement in order that a review could be undertaken and recommendations made to the Authorities.

- 4.5.2 The review of potential governance arrangements confirmed that the Joint Committee with host (employing) authority was the most appropriate at the current time and the business case and target operating model were produced on this basis. Appendix E provides a diagram illustrating how the proposed governance model would operate.
- 4.5.3 The Joint Committee model allows certain functions or a range of activities to be carried out by partners on a joint basis, reducing duplication and generating economies of scale, whilst ensuring political representation and transparency for all partners and the public. The Joint Committee model is a model that the three authorities have successful experience of using for other collaborative projects. Each Council would have two elected member representatives on the Joint Committee.
- 4.5.4 Services that are currently the responsibility of the Executive/Cabinet and Council would be delegated to the Joint Committee. These services are indicatively outlined in Appendix C and will be specific to each Council. Services that would remain the responsibility of each local authority are also indicatively listed in Appendix C. Licensing cannot be delegated in the same way as Trading Standards and Environmental Health functions and therefore the existing Committees and Sub-Committees will continue to operate in each of the Councils for this area.
- 4.5.5 Cabinet approved the recommendation in July 2013 that should the Shadow Joint Committee recommend a governance model that requires 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.
- 4.5.6 Further analysis on the merits of each Council performing the role of host was undertaken by Atkins and the project team. This analysis concludes that there is potential for each Council to be established as host (employing) authority. All Councils have expressed the willingness to undertake the role of host (employing) authority and have the resources required to manage the project.
- 4.5.7 The costs that would vary as a result of each Council undertaking the host (employing) authority role are as follows:

	Bridgend (£)	Cardiff (£)	Vale (£)
Employment Costs	6,579,921	6,984,642	6,802,929
TUPE Protection Costs	216,288	18,890	80,954
Host Employer Costs	106,501	115,000	168,850
Total	6,902,710	7,188,532	7,052,733

- 4.5.7.1 This shows that the total costs of performing the role as host (employing) authority are lowest in Bridgend and highest in Cardiff. However, the proportion of staff estimated to be affected by reductions in remuneration with Bridgend as host (employing) authority is considerably greater than both Cardiff and the Vale of Glamorgan. In addition, Bridgend is outside of the Welsh Government's collaborative footprint for the Regional Collaboration Funding and as such, further

factors were considered to determine whether it should be recommended whether the role should be performed by Cardiff or Vale of Glamorgan Councils.

4.5.7.2 Indicative Employment Costs

- Members will be aware that each authority has a different pay and grading scale. A new position in the proposed structure could be funded at a different rate depending on which authority was the host and therefore the employing authority. A comparison of indicative salaries within each of the prospective three “host” authorities was included in the Atkins report at Appendix N.
- The information has been updated by the project team and is now included at pages 36 to 39 of the supplementary report at Appendix B (Appendix N-Salary Comparison). Such salary details have been redacted in this report in view of concerns about potential data protection breaches.
- The information set out in Appendix N has been used to populate the figures in the table above. This demonstrates that if Bridgend were the employing authority the overall salary bill would be the lowest, whereas the salary bill would be the highest if Cardiff were the employing authority. The indicative costs do not however take into account the costs arising from TUPE protection.
- Members will appreciate that the final salaries and grades will be dependent on a full job evaluation process and on the basis of the finalised job descriptions and person specifications.

4.5.7.3 TUPE Protection Costs

- One of the measures that will be pursued following the creation of the regionalised service and the TUPE like transfer will be the remodeling of the service to achieve the requirements of the new operating model. In some cases this will involve the appointment of staff to the same or similar roles. In such cases TUPE protection will apply regardless of the potentially different grades resulting from the host authority’s different grading structure.
- Where staff are offered appointment to roles with different functions and responsibilities then in these circumstances the salary (and related contract terms) relevant to that post will apply and be congruent with the host employer’s grading system and wider terms and conditions. This is reflective of the changes required for the regionalised service together with each respective authority’s commitments to improving efficiency and reducing costs which are taken account of in the new operating model

4.5.7.4 Host Employer Costs

- As indicated in the financial implications of this report, each authority has determined the additional support costs (HR, Finance, ICT) that they would need to incur if they were selected as the host employer, due to the increase in size of budget, number of employees, ICT system users etc. These will be additional costs to the service and vary depending on capacity already available within the three authorities.

4.5.8 The Vale of Glamorgan Council offers a central location with easy travel along the A4232 and A48 between the shared service’s offices in Cardiff and Bridgend. The number of staff who could potentially experience losses in remuneration is slightly lower if Cardiff undertakes the role of host (employing) authority and the highest if

Bridgend undertakes such a role. The number of staff transferring to the host (employing) authority is highest from Cardiff Council. However, Atkins indicate that the enormity of the exercise of transferring staff is unlikely to be directly proportional to the number of staff affected.

4.5.9 Based on all of the above factors, the Vale of Glamorgan is recommended as offering a balance of these various factors.

4.5.10 The Atkins report, wider research and discussion with Councils operating similar schemes, suggests that a management board be established comprising one Officer representative from each of the participating authorities and the Chief Officer from the shared service. The role and purpose of the management board would be, under the direction of the Joint Committee, to:

- Ensure the development and delivery of a shared vision and strategy for the shared service, taking account of the needs and priorities of individual districts;
- Provide the key operational links with the participating authorities;
- Act as an escalation point for any operational shared service management issues;
- Drive transformation across the shared service partners in consultation with the Chief Officer of the shared service; and
- Provide management information and advice to the Joint Committee.

4.6 ICT and Systems

4.6.1 To support the new service a common ICT platform will be required and access to systems are 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. The costs included in the business case are considered to be prudent estimates and savings will be sought from this area to contribute to the Service's savings target. Consideration will also be given to the phased introduction of ICT to support the delivery of the Shared Service and maximise the use of grant funding. Links are being made with other related projects in Wales to share experiences. The project team has made contact with the Worcester shared Regulatory Service and is liaising with them to identify lessons learnt, with a specific emphasis on ICT developments. 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.

4.7 Customer Contact

4.7.1 Arrangements for the management of customer contact by telephone, face-to-face and via the web will be developed further as part of the proposed shared service's business plan in order to reflect the requirements of each Council and current arrangements for handling customer contact. A single point of contact for telephone and web contacts will be evaluated based on the experiences each authority has of creating this type of function within its own authority and also the experiences of bodies such as Consumer Direct.

4.8 Property

- 4.8.1 It is proposed that the shared service functions would be delivered from a mix of customer-facing "satellite" offices located in each Council area and from a centrally located office. The 'satellite' locations will be established in each of the three Council areas to provide customer-facing services on a local basis and also provide work spaces for employees of the shared service to work from. Additionally, office accommodation will be required for a central team of officers who will manage and administrate the shared service.
- 4.8.2 Adopting the target operating model would involve a shift in working practices via a programme of process re-design to include flexible and mobile working arrangements and an emphasis on outcome-focused performance measures.
- 4.8.3 Changes in working practices enabled by ICT investment will reduce the overall requirement for office accommodation for the service over time. However, a cost of accommodating the service will remain.

4.9 Implementation Approach

- 4.9.1 Delivering a transformational change project of this magnitude has significant employment implications. As such, the implementation plan for the shared service has been constructed based on the important and necessary Legal and Human Resources activities described in the Resource Implications section of this report.
- 4.9.2 It is proposed that (subject to approval from each Council's Cabinet and Full Council in October 2014) the Head of the shared service would be appointed in November 2014, staff would transfer to the new service in April 2015 and post-transfer changes would be implemented by September 2015 subject to appropriate consultation with staff and trade unions. This timetable would allow the savings to be realised from the project as outlined in Appendix B.
- 4.9.3 Appendix A as amended by Appendix B contains "workstream" based project plans describing the key activities to be undertaken during implementation in workstream areas such as Legal, Finance, ICT and HR. A project management methodology (such as PRINCE2) would be adopted to provide a coherent framework and appropriate project governance.
- 4.9.4 The management board would initially perform the function of a project board to deliver the plan. Regular meetings with the Councils' Section 151 Officers and Monitoring Officers would be held to inform the development of the project. A project team of workstreams would continue to operate to deliver the project plan and would report to the project board.
- 4.9.5 The newly formed Joint Committee would meet to reinforce the relationships between the project board and Committee and ensure sufficient capability and controls are established to manage the project.
- 4.9.6 In order to ensure effective delivery of the project to time and budget, it is recommended that delegated authority be given to the Chief Executive in consultation with the Leader to carry out on behalf of the Authority all associated matters involved in setting up the shared service and recommends to Council that a similar decision is made in respect of any such matters that are the responsibility of

the Council. It is noted that such delegated matters include (without limitation to the generality of the forgoing):

- Conclusion of a joint working agreement for the shared regulatory service;
- Overseeing and directing the project board of officers established to implement the shared service, including project reporting and management of key risks and issues facing the project, and
- Undertaking all required statutory and other consultation on the proposed transfer of staff to the host (employing) authority, considering the outcome of such consultation and making any subsequent refinements to the proposals, provided always that any material matters shall be reported back to Cabinet in respect of any refinements that fall outside of the proposals for the shared Regulatory service as set out in this report.

4.10 Consultation

4.10.1 A draft report has been subject to consultation with the Shadow Joint Committee for the Regionalising Regulatory Services Project.

4.10.2 Prior to this report being brought to Council, a pre-decision engagement process has been undertaken running from 22nd July to 5th September 2014. This process has included a draft of this report being tabled at relevant Scrutiny Committees in all three local authorities. In addition to this, a series of staff engagement events and meetings with trade unions have been held, facilitated by Chief Officers in each Council.

4.10.3 In excess of 500 questions and comments have been submitted by stakeholders, with responses being provided by the project team. Appendix F provides Council with the questions, comments and responses from the pre-decision Scrutiny process in this Council. Appendix G contains a log of all questions and comments (with accompanying answers) submitted by staff and trade unions in this Council.

4.10.4 Appendix H contains the comments, questions and responses from Scrutiny committees in the two partner authorities. Appendix I contains the questions and comments (with accompanying answers) submitted by staff and trade unions in the two partner authorities.

4.10.5 A series of common themes emerged during the engagement process. These have been very helpful in developing this report and consideration has been given to each, with feedback being incorporated into this report where appropriate. In particular issues were raised regarding:

- Potential transfer of staff to new service;
- Consultation on the proposed organisational structure for the new service;
- Selection of staff for the new roles in the new service;
- Perceived inaccuracies in the Atkins report;
- Professional status of officers;
- ICT;
- Consideration of alternative options; and
- Maintaining a local link between the service and its community.

4.11 Potential Transfer of Staff to New Service

4.11.1 Members will be aware that the implementation plan for the project is based on the proposal that staff will transfer to the host (employing) authority on 1st April 2015 under the protection of a TUPE like transfer. This will provide the opportunity for the new service to be built around the skills and expertise of a combined workforce under the umbrella of one “host” employer.

4.11.2 The concerns implicit in some of the questions from staff are understandable given the size of the transfer and the complexities of TUPE Regulations. Prior to any transfer, however there will be a significant consultation period with staff and the trade unions to ensure that there is clarity around the details of the transfer process, the protections for those who transfer and the plans for remodelling the service once the transfer is complete. The views and concerns of staff will be taken into consideration as part of this process.

4.11.3 The suggestion from staff to hold a range of TUPE specific workshops and individual “drop-in” sessions is really helpful and will be implemented as soon as a decision is made about the future of the project.

4.12 Consultation on the Proposed Organisational Structure of the New Service

4.12.1 An important part of the post transfer activity will be the restructuring of the shared service to accord with the target operating model as referred to in the first recommendation of this report. The organisation chart as set out in Appendix B has clearly been used as a basis for assessing the employment and financial implications of the target operating model. It will, however, need to be refined and further developed to meet the business needs of the new service once the Chief Officer has been appointed and developed in full consultation with staff and trade unions. This will include the design of individual role descriptions, the determination of final salary grades, the scope of responsibility within service areas and operating arrangements between different service areas.

4.12.2 The restructuring process will be managed in accordance with “good practice” management of change principles and will certainly rely on the expertise, engagement and involvement of all staff in shaping the new arrangements. The suggestions and ideas received from staff over the last few weeks will be taken on board in designing the post transfer consultation process. It is anticipated that there will be a stronger platform on which to do this once the transfer process is complete.

4.13 Selection of Staff for the New Roles in the New Service

4.13.1 A further area of acknowledged concern is in relation to the methodology for selecting employees into the new roles within the new service. This has been subject to considerable discussion as part of the consultation process to date and staff briefing sessions were designed to try and respond to some of the concerns.

4.13.2 The process will be a subject to consultation with staff and the trade unions once the indicative organisational structure has been refined and job descriptions, person specifications and salary grades determined. It will however clearly involve the initial ring-fencing of posts to existing staff and the detail of the ring-fencing process will be subject of further consultation with staff and the trade unions. For some staff the process will involve the appointment to the same or similar roles. For other staff it

will involve a competitive selection process for new roles within the structure. This is clearly a key issue for staff and will be appropriately considered in consultation with staff and the trade unions in order to meet the business needs of the new service. Support will be given to staff to help them prepare for any selection process and in response to suggestions and requests raised over recent weeks.

4.13.3 A particular role for the project will be to explore all ways to mitigate and reduce the prospect of any compulsory redundancies. As part of the consultation process to date progress is being made in coordinating the vacancy management arrangements across the three Councils and exploring arrangements where appropriate for the consideration of voluntary severance requests. Such arrangements clearly need to meet the existing needs of the three Councils as well as anticipate the future needs of the new service.

4.14 Perceived Inaccuracies in the Atkins Report

4.14.1 Some of the questions and comments received question the validity of the information contained in the original Atkins report (Appendix A). It is important to note that the Atkins report represents the position of the three Councils as at 1st April 2013. Much of the information contained in the report was provided by each Local Authority and represented the information available at that time. Some of the perceived inaccuracies may be attributable to changes made since the issue of the report. The project team are content that inaccuracies identified are not materially significant and they do not unduly change the substance of the recommendations to Council. The impact of budget savings and other service developments are reflected for 2014/15 onwards in Appendix B and as set out in the body of the report.

4.15 Professional Status of Officers

4.15.1 A number of officers have raised concerns about the perceived loss of professional skills and denominations of officers. It is accepted that there is a need to retain some reference to the Environmental Health, Trading Standards and Licensing disciplines within the teams, not least to avoid confusion among service users. This is particularly important in maintaining the profile and image of the professions and the new service moving forward. Concerns about professional status have and will continue to be considered during the development of the shared service if a decision is given to proceed.

4.15.2 Questions have been raised as to the proposed 'up-skilling' across the professions to provide increased awareness and broader based abilities among staff. The proposals do not state or assume that the professions will replicate each other's work. It is acknowledged that there will be need for training and support for staff to deliver this vision but it is not intended to train Environmental Health Officers to undertake core Trading Standards Officer functions and vice versa. In the new service there is, however, a need for officers to exhibit a broader range of skills and knowledge to reflect the demands of the proposed new structure.

4.15.3 Future training needs have formed part of our discussions with key stakeholders such as the Food Standards Agency and Public Health Wales. These bodies have offered their support in helping us to deliver our training needs.

4.15.4 Concerns are understood around professional image, job titles and skills that go with the denominations therefore this will be considered and continue to be consulted upon should a decision be made to proceed.

4.16 ICT

4.16.1 Questions have been asked regarding the proposed investment in ICT for the shared service. It is proposed that a move towards a common ICT platform will be made in order to support working across the region. In addition, cost estimates are included in the business case to support agile working methods to generate efficiencies in working practices. These are capital costs and as such will be one-off and not recurring revenue costs of the service.

4.16.2 The project will build on the synergies which currently exist between the three authorities (such as the use of some of the same ICT systems) and the lessons are being learnt from other projects, including from another Welsh Authority who are currently undertaking a procurement exercise in this area. The risks and costs of ICT infrastructure development within the “Collaborate and Change” model are recognised and will be mitigated by a properly resourced development plan and project team. Pilot exercises are underway to trial different end user IT devices and methods of communication. This part of the project will involve actively working with staff from across the three councils to identify solutions that satisfy the project’s vision.

4.16.3 The proposed project management arrangements will seek to manage the costs of the capital investment in this area, which is largely to be met from grant funding, to a level whilst ensuring the solutions put in place are fit for purpose.

4.17 Consideration of Alternative Options

4.17.1 It should be appreciated that prior to the appointment of Atkins, the project team undertook a high level analysis of alternative models for the service. Atkins undertook a health check which is Appendix P (section 1.3) to the Atkins Report (Appendix A) and concluded that the proposed collaborative model (Joint Committee with host (employing) authority) to be the most appropriate at the current time.

4.17.2 The Atkins report makes reference to a series of four options as outlined in this report. Based on the analysis undertaken by Atkins, and considered by the Shadow Joint Committee, the “Collaborate and Change” model has been identified as the preferred option. As such, reports provide further detail as to how this option would operate.

4.17.3 The “Collaborate and Change” model as set out in this report is considered to best meet the objectives of the project and as such is recommended to Council for approval.

4.18 Maintaining a Local Link Between the Service and its Community

4.18.1 This was a concern raised by Scrutiny Committees, staff and the trade unions during the engagement process. It is recognised that in developing the service, there is a need to maintain a link between the service and community. There will be

elected member representation from each Council on the Joint Committee. The proposed shared service would continue to operate in all three council areas, maintaining an office location in each to handle face-to-face contact with service users and elected members. This will be supported by ICT to enable effective and efficient working and communication within and across the three areas.

5. Effect Upon Policy Framework & Procedure Rules

5.1 The proposals contained within this report require Executive and Council decision.

6. Equality Impact Assessment

6.1 In considering this matter the decision maker must have regard to the Council's duties under the Equality Act 2010. Pursuant to these legal duties Councils must, in making decisions, have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Consideration must be given to the Equalities impact assessment (EQIA) attached as Appendix D before reaching a decision. The Equalities Impact Assessment for the project as a whole will be updated further as the project progresses. It will also be necessary to undertake Equalities Impact Assessments on individual aspects of the project, such as proposed mobile working arrangements and the proposed locations for the service.

6.2 There are no direct sustainability or climate change implications as a result of this report. The creation of a shared service will involve rationalization of office accommodation and the innovative use of information technology to improve efficiency and reduce the impact of the service on the environment.

7. Financial Implications

7.1 The combined net budgets for 2014-15 of the three Councils' in scope services equate to £7.26 million (£9.82 million gross). This is broken down over the three authorities as follows:

Authority	Gross Budget (£000)	Income (£000)	Net Budget (£000)
Bridgend	2,254	383	1,871
Cardiff	5,531	1,806	3,725
Vale of Glamorgan	2,038	374	1,664
TOTAL	9,823	2,563	7,260

7.2 The Atkins' business case identified on-going savings achievable through the collaboration process of £1.937 million. However, since the business case was produced, each authority has faced significant funding reductions, and consequently the overall budget available has already been reduced by £986,000 between 2013-14 and 2014-15, thereby reducing the level of savings achievable by adopting the Atkins proposed structure. In addition, the likely level of funding for local authorities over the next few years is considered to be lower than originally estimated, so the model has been revised to enable a greater level of savings to be generated. The

proposal currently envisages savings after implementation of £1.384 million across the three Councils.

7.3 The Business Case recommends that contributions to the operational budget are based on the following methodology initially: “The direct (employment and non-employment) costs in the regionalised operational budget will be shared between the three Councils proportionate to current total direct (employment and non-employment) costs.”

7.4 However, as the budgets for the 3 authorities have changed continuously over the financial year, with on-going changes resulting from job evaluation, pay awards and changes in superannuation contributions, it is proposed to use the current population as the initial basis for contributions to direct and host (employing) authority indirect costs. The advantage of this method is that it is transparent, fixed for the year ahead and is based on Welsh Government published data. The population method would result in apportionments as follows:

Authority	% Population
Bridgend	22.56
Cardiff	57.04
Vale of Glamorgan	20.40
TOTAL	100

7.5 With regards to income collection, since each authority currently operates its own policy in terms of charging for services, with different rates agreed for each authority (currently Cardiff Council collects a much larger percentage of income than Bridgend and the Vale of Glamorgan Councils), all income arising from existing services will continue to be collected and allocated to each respective authority. The business case and projected costs of the regionalised service assumes an increase in income of £95,000 (2016-17) and £190,000 (2017-18 onwards) from the harmonisation of charges, acquisition of external grant funding and other income generating opportunities. However, these have not currently been secured and will need to be actively pursued and closely monitored.

7.6 Based on the apportionment bases for allocating direct costs, contributions to host indirect costs and income as described above, the contributions payable by each authority would be as follows:

Authority	£'000 share after implementation costs
Bridgend	1,521
Cardiff	3,007
Vale of Glamorgan	1,348
TOTAL	5,876

7.7 In terms of Bridgend Council these proposals will realise operational savings (i.e. excluding implementation costs) of approximately £285,000 for 2015-16, £333,000 for 2016-17 and total cumulative on-going savings of approximately £350,000. This is subject to the assumptions built into the business case on costs and income generation. Whilst these savings are based on the direct costs of the service, there may also be savings on indirect costs such as support services (HR, finance etc.) and premises costs, but these cannot be quantified at the current time. It should be

noted that further savings from the shared service are highly likely to be required in the coming years.

- 7.8 In terms of Cardiff Council these proposals will realise operational savings (i.e. excluding implementation costs) of approximately £555,000 for 2015-16, £675,000 for 2016-17 and total cumulative on-going savings of approximately £718,000. This is subject to the assumptions built into the business case on costs and income generation. Whilst these savings are based on the direct costs of the service, there may also be savings on indirect costs such as support services (HR, finance etc.) and premises costs, but these cannot be quantified at the current time. It should be noted that further savings from the shared service are highly likely to be required in the coming years.
- 7.9 In terms of the Vale of Glamorgan these proposals will realise operational savings (i.e. excluding implementation costs) of approximately £257,000 for 2015-16, £300,000 for 2016-17 and total cumulative on-going savings of approximately £316,000. This is subject to the assumptions built into the business case on costs and income generation. It should be noted that further savings from the shared service are highly likely to be required in the coming years.
- 7.10 The impact of such significant levels of savings will be reflected in the level of service to be provided and the range and rate agreed to be charged for services provided to the public. It inevitably includes a number of staff reductions, although most of these have been lost over the previous year through vacancy management and early retirement, and this will require up-front funding to cover redundancy and early retirement costs. These costs will initially be met by the employee's current local authority in the period prior to transfer and in the first twelve months following transfer. Any costs arising following this would be apportioned across the three authorities on the basis of population figures. There will also be an element of TUPE protection going forward under the new structure, the estimated costs of which are built into the direct staffing costs.
- 7.11 As the host (employing) authority, the Vale of Glamorgan will be responsible for payment of all staff and non-staffing expenses and collection of income. Further work will have to be undertaken on the options for apportioning costs going forward, based on authority requirements and budget availability. Authorities may be able to commission additional services, but will have to bear additional, specific costs for these services.
- 7.12 The updated Financial Case (contained in Appendix B) identifies a number of projected revenue and capital costs which will need to be funded to enable the service transformation to take place. These costs comprise £815,000 capital costs that are mainly ICT related. However, until a procurement process has been progressed for a replacement ICT system, it is difficult to quantify these capital costs with accuracy. However, the project team will be minimising implementation costs as far as possible to protect the budget position of the partner organisations. A more detailed business plan, including these costs, will be established if the project progresses later in the year.
- 7.13 Revenue costs of £1,060,000 incurred over two years are estimated for severance costs associated with downsizing the establishment, as well as for project management costs to implement the new regional service and the training on new

systems and processes that will be required. Until the staffing structure is fully populated and the distribution of severances between the three parent authorities is known, each authority's costs will continue to be based on a proportionate distribution of impacts across the three authorities. The staffing cost of the proposed structure has been developed based on the estimated cost of each post as set out in Appendix N. These costs are subject to the Job Evaluation process with job descriptions and person specifications being developed during the implementation phase of the project and will be subject to consultation with staff and trade unions.

7.14 In terms of external funding, the Cardiff and Vale region secured a grant of £250,000 per annum for 2013-14 and 2014-15 from the Welsh Government via the Regional Collaboration Fund (RCF) to support the project's development and implementation. Funding of £250,000 for 2015-16 has also been approved in principle by the Welsh Government, and this will be used towards the one-off costs (although this funding cannot be used to offset redundancy costs) required to establish the service as follows:

Financial Year	2014-15	2015-16	2016-17	Total
Implementation Cost (Revenue)	£130,000	£930,205	£0	£1,060,205
Implementation Cost (Capital)	£400,000	£415,170	£0	£815,170
Total Implementation Costs	£530,000	£1,345,375	£0	£1,875,375
Regionalised Collaboration Fund	£250,000	£250,000	£0	£500,000
Remaining Funding Required	£280,000	£1,095,375	£0	£1,375,375

7.15 The financial case assumes that any additional costs will be apportioned to each authority on the basis of population as follows:

Financial Year	2014-15 (£)	2015-16 (£)	2016-17 (£)	Total (£)
Capital				
Bridgend	63,167	86,714	0	149,881
Cardiff	159,706	219,240	0	378,946
Vale of Glamorgan	57,126	78,421	0	135,548
Revenue				
Bridgend	0	160,399	0	160,399
Cardiff	0	405,540	0	405,540
Vale of Glamorgan	0	145,060	0	145,060
Total	280,000	1,095,375	0	1,375,375
Bridgend	63,167	247,113	0	310,280
Cardiff	159,706	624,780	0	784,487
Vale of Glamorgan ¹	57,126	223,482	0	280,608

¹ Implementation costs for Vale of Glamorgan exclude £180k estimate one year salary protection.

7.16 For Bridgend Council this would equate to approximately £310,000 between 2014-15 and 2016-17. This would offset the savings generated from the new service in those initial years, but would enable on-going revenue savings of £350,000 to be realised. The council has determined that its share of these costs will be met from reserves set aside.

7.17 For Cardiff Council this would equate to approximately £784,000 of projected additional costs between 2014-15 and 2015-16. This would be offset by projected savings of £555,000 in 2015-16 resulting in a projected net cost to Cardiff Council over these two financial years of £229,000 for the new regional service. Projected revenue savings for 2016-17 are estimated to be £675,000 with on-going revenue savings of £718,000 from 2017-18 to be realised. As outlined in this report a significant proportion of the implementation costs are redundancy related. The financial model projects redundancy costs based on certain assumptions in terms of the salary, age and length of service of the staff involved with these costs being apportioned between the three Councils in proportion to population. Paragraph 7.10 refers to the arrangement where each Council will pay the redundancy costs associated with its own staff for up to 12 months after the implementation of the new regional service. The current severance scheme operated by Cardiff Council is more generous than the assumptions used in the financial model. At the maximum severance liability the Council could incur additional expenditure of £8,500 for each redundancy with these costs being additional to those outlined at the start of this paragraph. The implication of the net increase in costs both in terms of 2014-15 Monitoring and the preparation of the 2015-16 Budget will need to be considered including any potential to re-profile these implementation based on the availability of more detailed information

7.18 For the Vale of Glamorgan this would equate to approximately £281,000 between 2014-15 and 2016-17. In addition (and not included in the table above as these costs are only incurred by the Vale of Glamorgan Council and not the project as a whole), the Vale of Glamorgan Council could incur an estimated cost of £180k reflecting the current policy to protect the salaries of adversely affected employees for one year. Until the project progresses, it is not possible to provide an accurate figure for this cost. However, it is unlikely that the impact of any variance would affect the financial viability of the business case. These total costs of implementation will offset the savings generated from the new service in those initial years, but would enable on-going revenue savings of £316,000 to be realized, the actual costs will depend upon the severance scheme in operation at the time in question. The Council has determined that its share of these costs will be met by the use of reserves.

7.19 The annual recurring revenue savings resulting from the project are as follows:

Financial Year	2014-15 (£)	2015-16 (£)	2016-17 (£)	2017-18 (£)
Bridgend	0	285,758	333,257	350,332
Cardiff	0	555,167	675,259	718,431
Vale of Glamorgan	0	257,531	300,487	315,929
Total Impact	0	1,098,456	1,309,003	1,384,693

- 7.20 The level of savings each Council generates is determined by rolling forward their original 2014/15 budget and how this compares with the allocation of costs using the population apportionment methodology.
- 7.21 Section 151 Officers have determined that, if the Vale of Glamorgan hosted the new service, they would incur potential additional costs of £168,850, taking into account additional staffing costs that would be incurred in supporting the new service (legal services would, however, continue to be provided by each individual authority). These costs are incorporated in the total costs of the shared service as outlined in this report.
- 7.22 It was agreed that, for the purpose of this project, it would be assumed that each authority would continue to pay their current indirect costs, plus contribute towards a share of the host's additional costs. These costs are included within the net savings identified above.
- 7.23 The office space required to accommodate the 'satellite' facility within each area will require less space than each of the Councils currently provides to its Regulatory Services function and as such there will be a corresponding opportunity for each Council to consider the potential to rationalise/reassign this space. Savings associated with this will be projected in the three year business plan currently being prepared by the project team. It is proposed that no additional charges be levied on the service for the provision of this category of office accommodation, consistent with the treatment of other indirect costs.
- 7.24 With regards the accommodation for the central team, it is proposed that a charge be made to the shared service for the provision of this accommodation. The annual charge has been estimated at £55,000, and this cost is built into the direct premises costs. This is based on the market rental cost for equivalent office space, inclusive of utilities/services and business rates, and is based on the proposed floor area to be provided to the service. It is proposed that this estimated revenue cost be apportioned in line with other direct costs using a population basis.
- 7.25 In order to establish the accommodation for the central team, costs of moving staff and undertaking essential works have been estimated at £30,000.
- 7.26 The financial projections included in this report, especially those relating to redundancy related costs, are based on a number of assumptions and variables. As a consequence of this modelling the distribution of actual costs, as posts are filled within the new regional service, between the partner authorities may not align with the projections. This will require further monitoring and review by the Project Team to ensure that each partner has sufficient resources to fund its share of the implementation costs.
- 7.27 Given the continued constraints on Local Authority financing the shared service will need to retain flexibility to be able to respond to the expected budget pressures over future financial years. For this reason the three year business plan that would be developed would seek to deliver additional year on year savings. In the first year these savings would be sought from implementation costs as outlined above by containing costs within the resources available from the RCF as far as possible. Thereafter and in years two and three, savings, will be sought from operating costs.

The savings target will be required to be in line with those outlined for other Council services in each Authority's Medium Term Financial Plan.

8. Legal Implications

8.1 Whenever Councils consider working together then a decision will be required as to the collaboration model to be adopted. In determining the collaborative model to be used it is important that the decision is based on a detailed analysis of the costs, benefits and other implications of adopting the model proposed and comparison with other options available in respect of delivering the services concerned. The body of the report and appendices attached set out the detail of the analysis undertaken leading to the recommendation that a Shared Regulatory service be established for the three Councils based on the Joint Committee model.

8.2 The Joint Committee model provides that the Council would delegate its functions relating to regulatory services to the Joint Committee, subject to the caveat below as regards licensing. The Joint Committee has no separate legal identity and so cannot own property or enter into contracts in its own right. It is proposed that one authority (namely the Vale of Glamorgan Council) will act as the Host Authority and take responsibility for employment of the staff directly affected, enter any third party contracts required and provide all support services required, with the exception of legal services. Legal services are excluded because each authority will retain responsibility for providing legal advice in respect of those parts of the service that relate to its area (for example trading standards prosecutions). The Host authority will provide the legal support required by the Joint Committee and on legal issues that relate to the joint service as a whole.

8.3 If the Councils decide to proceed with the proposal it will be necessary for the Councils to conclude a formal agreement, sometimes referred to as a joint working agreement. This agreement will set out, amongst other things:

- The extent of the matters to be delegated to the Joint Committee, and any delegations to officers in the shared service;
- The constitutional set up of the Joint Committee and its terms of reference;
- It is proposed that each Authority would appoint two elected members to the Joint Committee. Decisions would be taken by vote and each authority would have one vote exercisable by their appointed elected members. The Chairperson would have a casting vote. The Chairperson would be one of the elected member representatives, appointed for 12 months, with the position of Chairperson allocated in turn to each authority in alphabetical order;
- The terms of reference and membership of the Officer Management Board;
- It is proposed that there would be an Officer Management Board that would support the Joint Committee and this would comprise one senior officer from each authority with responsibility for Regulatory Services and the chief officer of the shared service;
- The termination and exit provisions;
- It is proposed that a party could withdraw from the arrangement on giving one year's notice expiring on the 31st March in any year. It should be noted that the intent is that no party would seek to withdraw within the first three years;
- The structure of the shared service, staffing proposals and pensions (please refer to Human Resources implications);

- Which Council is to be the Host Authority, detail the services to be provided by the Host Authority, how related costs would be apportioned, and what indemnities the Host would seek from the other authorities in respect of carrying out its role;
- The financial management arrangements;
- The agreement would set out how costs are to be shared amongst the authorities, which is proposed to be based on per capita population, subject to certain exceptions. The Joint Committee's financial affairs would be "hosted" by the Host Authority, with that authority's chief finance officer taking responsibility for making payments, bookkeeping and so on. The Joint Committee would propose a budget for approval by the authorities and the report sets out the indicative financial commitment sought over the next three years; and
- Contain provision to address matters such as disputes, variations, data protection and freedom of information.

8.4 Legal Powers

8.4.1 There are a number of legal powers available to the Councils to facilitate the proposed collaboration and creation of the Joint Committee. These powers include Sections 101 and 102 of the Local Government Act 1972, sections 19 and 20 of the Local Government Act 2000, section 9 of the Local Government Wales Measure 2009 and Local Authorities (Goods and Services) Act 1970. These powers include the ability to delegate functions, the ability for two or more authorities to discharge any of their functions jointly, and where this occurs, to do so via a joint committee, and/ or by their officers and the ability to supply administrative professional and technical services.

8.5 Licensing

8.5.1 The proposed shared service would, subject to the following caveat, include all aspects of licensing, environmental health and trading standards. The important caveat to the above is that the Licensing Act 2003 amended the Local Government Act 1972, the impact of which is that section 101 (delegations) does not apply to the exercising of any function of a licensing authority under the Licensing Act 2003.

8.5.2 Section 7(1) of the Licensing Act 2003 provides that all functions under the Act are referred to the licensing committee of that specific local authority, and that committee is obliged to discharge those functions on behalf of the authority. The main exception is the adoption of the statement of licensing policy which is a full Council function by virtue of section 7(2). Section 10 provides in turn for delegation of the licensing committee's functions to a sub-committee and, with exceptions, an officer of the authority. However, the Licensing Act 2003 does not provide for delegation of powers outside the authority altogether.

8.5.3 This means that in respect of the main licensing powers under the Licensing Act 2003 and the Gambling Act 2005, the powers have to be exercised by the specific licensing committee and sub-committees of each of the Councils. The proposals accordingly provide for each Council to retain their existing licensing committees and sub committees.

8.6 Potential Conflict of Interest

8.6.1 The project team comprises officers involved in the service provision, which is desirable given their substantial knowledge of the subject matter. In order to address any potential conflicts of interest that may arise or be perceived external support (Atkins) was engaged to develop the detailed business case, target operating model and implementation plans. The project team also comprises officers independent of the service area.

8.7 Employment Law Implications

8.7.1 The proposals raise sensitive employment implications for staff (including staff who support the services concerned) and the employment law implications are set out in this report in the combined HR and legal advice section.

8.8 Scrutiny Arrangements

8.8.1 There are a range of approaches to scrutiny of collaborative activities, and may include scrutiny by existing Scrutiny Committees on a 'Council by Council' basis, joint meetings between Councils' Scrutiny Committees through to the establishment of new joint overview and a Scrutiny Committee. It is proposed that initially scrutiny will be undertaken by Councils' existing Scrutiny Committees and further consideration given in due course to the potential benefits of any shared arrangements. During the pre-decision scrutiny process, the Chairs of Scrutiny Committees in each of the three Councils expressed a desire to explore joint scrutiny arrangements. It is therefore proposed that Scrutiny Officers from each of the Councils facilitate a meeting of the Chairs of relevant Scrutiny Committees to discuss and develop these proposals should a decision be made to proceed with the proposals outlined in this report.

8.8.2 It is anticipated that Scrutiny would be involved in monitoring the performance and governance of the collaborative service on an on-going basis; but it would be a matter for the Scrutiny Committee to determine what areas it wishes to scrutinise.

8.9 Income

8.9.1 There are various types of income which may be collected over the range of activities covered by Regulatory Services. European based Regulations and domestic case law in recent years have made it clear that in respect of many functions local authorities are not permitted to make and retain a profit, and should instead only recover the cost of providing the service in respect of that particular function. This will not always be the case so each type of income will need to be individually examined in the light of legislation and case law.

8.10 Information Governance, Management & Security

8.10.1 The following principles of information governance and information management are proposed in relation to the shared service and will form a part of the joint working agreement.

8.10.2 The host (employing) authority and partnering authorities will comply with the requirements of the Data Protection Act 1998. The host (employing) authority will ensure its information security and information management policies are compliant with both this Act and the requirements provided by the Information Commissioner's

Office in order to facilitate the exchange and upkeep of personal data. Practical arrangements for the secure transfer of data will be considered as part of development of the Privacy Impact Assessment and where it is necessary to share information regarded as personal data, the host (employing) authority shall ensure that it complies with the principles of the Act.

8.10.3 The host (employing) authority's Senior Information Risk Owner (SIRO) will retain responsibility for all information security and information management policies regarding the upkeep and exchange of data.

8.10.4 The host (employing) authority and partnering authorities will comply with the requirements of the Data Protection Act 1998. The host (employing) authority will ensure its information security and information management policies are compliant with both this Act and the requirements provided by the Information Commissioner's Office in order to facilitate the exchange and upkeep of personal data. Practical arrangements for the secure transfer of data will be considered as part of the development of the Privacy impact Assessment and where it is necessary to share information regarded as personal data, the host (employing) authority shall ensure that it complies with the principles of the Act.

9. Human Resources and Employment Issues

9.1 Members will be aware that there are important human resource and employment relation implications associated with the implementation of the "collaboration and change" option for Regulatory Services. The option will require a clear communication and engagement strategy with staff and trade unions from across the three local authorities.

9.2 The proposals are based on an exercise that will involve the initial transfer of employees to the host employer (the Vale of Glamorgan Council is proposed) under the provisions of a TUPE 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 under the provisions of TUPE.

9.3 The ongoing benefits of the new operating model will then be realised through the remodelling of the service as a result of a management of change exercise. The new service model will provide the platform for a more resilient service going forward whilst being better able to accommodate the reduction in staffing levels that will be needed by the individual authorities in the absence of this collaborative project.

9.4 The consultation requirements as part of the initial transfer are set out in Regulation 13 of the TUPE Regulations and will need to be undertaken by both the transferor authorities and the transferee "host" authority. The consultation process in relation to the remodelling exercise will be based on good practice "management of change" principles and adhere to prescribed legal requirements (in relation to any potential redundancies).

9.5 The proposed time-line for the change process reflects the complexities of the above and has been formulated by HR and Legal officers from the three local authorities. The timeline aims to ensure the continuing engagement of staff and

trade unions, further consideration of the proposed operating model, and the meeting of all statutory consultation requirements.

9.6 A summary of the timeline for the project is set out below. The timeline sets out the high-level activities only and is based on the assumption that a decision will be made about the progression of the project no later than 31st October 2014.

Key Activities	Description	Time-scale
Formal consultation in relation to a TUPE like transfer and intentions regarding the likelihood of a post transfer restructuring exercise.	To meet statutory requirements To be undertaken by transferring councils and host employer To include “measures” that will be undertaken post transfer To specifically include proposals to undertake a post transfer restructuring exercise in conjunction with the need to reduce staff numbers.	Nov – Mar 2015
Management of TUPE like transfer exercise	Final scoping of transferring staff Exchange of information Completion of “due diligence”	Feb – Mar 2015
Potential Transfer Date	Formal transfer of staff to host employer	April 2015
Management of post transfer restructuring process	Consultation with staff/trade unions Development of Job descriptions Grade evaluation Refinement of working arrangements Statutory Redundancy consultation Selection processes to be determined as part of consultation process. Implementation of Appointment Protocol for posts within the new structure.	May – July 2015
Implementation of new staffing structure	All appointment to service made. Redundancy notices issued.	Sept 2015

9.7 Members will be aware that staff and trade unions have been engaged in the formation of the new operating model and business case prior to Christmas 2013 (see pages 19 – 21 of the Atkins report) and consulted on the proposals as set out in this report. Comments and questions received following a more recent pre-decision engagement process are set out in the body of this report and associated appendices.

9.8 The concerns implicit in some of the questions and comments are understandable given the complexity of the change process and the intended move to a completely different operating model for the service. It is important, therefore that the communication and staff engagement process is managed effectively throughout the change process should the project progress.

9.9 As indicated above, a formal consultation process will commence once a decision about a potential transfer has been made by each of the three Councils and in

accordance with the statutory and contractual requirements as set out above. This will be managed by both the transferring Councils and the host authority between November 2014 and March 2015.

- 9.10 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 new host employer post transfer including proposals to implement the new operating model and new organisational structure.
- 9.11 Such proposals anticipate a requirement that there will be an overall reduction in staffing levels (across the three Councils) of approximately 26 posts (from 204 FTE to 178 FTE). Such figures are based on a comparison between the current staffing levels across the three Councils and the numbers within the indicative new organizational structure. The figures do not include current vacancies or posts filled on a short term and temporary basis. There are approximately 52 “in-scope” posts in Bridgend of which 50 are currently filled on a permanent basis. The current “head-count” figures are 55.
- 9.12 In addition to the overall reduction in staffing levels the proposals anticipate the implementation of a significantly new organisational structure with significant changes to job functions and responsibilities and the requirement for different working arrangements. There will be a difference in the way services are provided and a net movement to technical officer roles. This latter issue will have implications for grading levels, terms and conditions and the overall number of potential redundancies.
- 9.13 It is proposed that where an employee is offered appointment to a new job role within the remodeled service, then the terms and conditions applicable to that job (and the host employer’s wider terms and conditions) will apply. Where an employee is offered appointment to the same or significantly similar role within the new service the TUPE protection will continue to apply.
- 9.14 The changes in the workforce set out above will be necessary to meet the economic, technical and organisational objectives within the proposed business case and operating model and as indicated will need to be highlighted as part of the pre-transfer consultation process. Such changes, including any significant reductions in the workforce will not be implemented until after the post-transfer consultation phase has been concluded.
- 9.15 The post-transfer consultation process will, as indicated, provide a further and more detailed opportunity to engage staff in relation to the indicative staffing structure for the new combined service and refine it as appropriate based on the outcome of that consultation process. The process will also help in finalising the detail of the restructuring itself, job descriptions for all the new roles, responding to concerns about job titles and the protection of the professional status of post holders and in shaping the selection process for posts within the new structure. The views and engagement of staff will be important as part of this process in order to ensure that its objectives are met which is critical in ensuring the success of the new service going forward.
- 9.16 It is proposed that steps should continue to be taken, as appropriate to reduce 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 and will include:

- The maintenance of a vacancy management approach within each of the Council's Regulatory Services teams ahead of the proposed date of transfer and maximizing the opportunities afforded through natural staff turnover;
- The development of clear and transparent selection arrangements for posts within the new combined service; and
- Considering voluntary severance applications subject to any pertinent legal considerations and the business and operational needs within each authority.

9.17 Some caution will however need to be given to the prospect of significant staff departures prior to transfer given the need for continuing service delivery within existing services and the ability of the new shared service to operate effectively.

9.18 Where there are any early retirement, redundancy and salary protection costs it is proposed that such costs are met by the employee's current local authority in the period prior to transfer and in the first twelve months following transfer. Any costs arising following this would be apportioned across the three authorities on the basis of population figures.

9.19 In order to provide daily accountability for the delivery of the project, it is proposed that the appointment of the Head of the new service is made as soon as possible after a decision to proceed with the project is taken. Recommendation eight of this report, if approved, would mean the Joint Committee of elected members would have delegated powers to determine the appointment (as opposed to the Vale of Glamorgan Council's Senior Management Appointment Committee making the appointment). As part of the post transfer management of change process, other appointments would be overseen by the Officer Management Board, which comprises Senior Officer representation from each Council.

9.20 Such appointment would be based on the role description and person specification as set out at pages 171 to 172 of the Atkins report. Such appointment would be on JNC Chief Officer terms and conditions and in accordance with the Head of Service salary grades within the appropriate local authority. For the Vale of Glamorgan the officer would report to the Director of Development Services and be paid in accordance with a salary range between £64,826 to £72,031 per annum.

9.21 The costs of the proposed new staffing structure (see Appendix F of the Atkins report and as subsequently updated) are based on a professional assessment of the roles set out in the Atkins report and an indicative grade based on the grading structure within each local authority. All posts within the proposed new structure will however need to be evaluated using the host employer's job evaluation scheme and based on the refinement of job descriptions and person specifications.

10. Recommendation

10.1 That Council approves the business case, target operating model and implementation plan for the creation of a shared regulatory service for those functions that are the responsibility of Council based on the 'collaborate and change' model set out and described in Appendix A as amended by Appendix B,

with governance arrangements based on a Joint Committee model as further detailed in the body of this report and associated Part Two report.

- 10.2 Further to recommendation 1 that (i) with effect from the 1st April 2015 such shared regulatory services that are the responsibility of Council with the Vale of Glamorgan and City of Cardiff Council be created and (ii) a joint committee be established (hereinafter referred to as the 'Joint Committee') on conclusion of the Joint Working agreement referred to in recommendation 10.10.
- 10.3 To note that those Regulatory Services functions that are the responsibility of the Executive/Cabinet (set out in Appendix C, part A) be delegated to the Joint Committee. It is noted that the detailed terms of the delegation will be set out in the Joint Working agreement referred to in recommendation 10.10.
- 10.4 Those Regulatory Service functions that are the responsibility of Council (set out in Appendix C), be delegated to the Joint Committee. It is noted that the detailed terms of the delegation will be set out in the Joint Working agreement referred to in recommendation 10.10.
- 10.5 To note that those functions (listed in Appendix C, part C) would remain the responsibility of each local authority, which will be supported in carrying out those functions as detailed in the body of this report. It is noted that the detailed terms of the delegation will be set out in the Joint Working agreement referred to in recommendation 10.10.
- 10.6 That Council approves the Vale of Glamorgan Council as the host (employing) authority for the shared regulatory services that are the responsibility of Council.
- 10.7 Subject to the decisions set out above being made that Council approves the appointment of two elected members as the Authority's member representatives on the Joint Committee.
- 10.8 Subject to the decisions as set out above being made, that Council approves the establishment of the post of Head of the new Service in accordance with the provisions as set out in paragraph 9.20 of this report.
- 10.9 Subject to the decisions set out above being made, the terms of reference of the Joint Committee include delegated powers to appoint the Head of the new service.
- 10.10 Subject to the decisions set out in recommendations 1 to 9 being made Council delegates authority to the Chief Executive, in consultation with the Leader to carry out on behalf of the Authority all associated matters involved in setting up the Shared Regulatory Service for those functions that are the responsibility of Council. It is noted that such delegated matters include, without limitation to the generality of the forgoing:
 - Immediate conclusion and execution of a Joint Working agreement for the shared regulatory service to include amongst other things, details of income and cost sharing and those matters referred to in the Legal implications content of this report;
 - Overseeing and directing a project board of officers to implement the shared service;

- Undertaking all required statutory and other consultation on the proposed transfer of staff to the host (employing) authority;
- Subject to considering the outcome of such consultation, to transfer employees to the host (employing authority); to undertake all required statutory and other consultation on the proposed reorganization/remodeling making any subsequent refinements to the proposals provided always that matters shall be reported back to Cabinet in respect of any material refinements that fall outside of the proposals for the shared Regulatory service as set out in this report; and
- Producing a three year business plan for the service, seeking to outline how the service will be developed in detail and including the identification of further year on year savings over the three year period.

10.11 That in considering this matter Council considers the views of the Scrutiny Committees, staff and Trade Unions as appended to the report and the Council's Duties under the Equality Act 2010 and the Equalities Impact Assessment attached as Appendix D.

Reasons for the Recommendations

- To enable the shared service to be established on an agreed basis in terms of cost, funding, income, savings, service level, structure and timing;
- To enable the creation of the shared service with appropriate governance mechanisms;
- To enable effective governance of the shared service in line with the Joint Committee governance model;
- To ensure the scope of the shared service is clear and Councils are aware of the residual functions remaining outside scope of the shared service;
- To enable the efficient and effective administration of the service in line with the Joint Committee governance model;
- To provide representation from the Council on the Joint Committee;
- To ensure compliance with the Local Authorities (Standing Orders) (Wales) Amendment Regulations 2014.
- To enable the shared service to be established in line with the timescales set out in this report and associated appendices and for the appointment of the Head of the new Service to be undertaken by the Joint Committee;
- To ensure the shared service is established on an appropriate legal and financial basis and the interests of all parties are clearly described and agreed;
- To enable the shared service to be established in line with the timescales set out in this report and associated appendices;
- To enable the creation of the shared service and appropriate management of employee relations issues in line with statutory requirements, in particular to ensure that all statutory and other relevant consultation is undertaken and used to inform the development of the shared service and to ensure that Cabinet are kept informed of developments;
- To ensure that the shared service is established on a sustainable financial and operational basis in line with the Councils' medium term financial plans; and
- To ensure the views of the Scrutiny Committees, Trade Unions and staff are taken into account prior to progressing with the project.

**D MEPHAM
CHIEF EXECUTIVE BRIDGEND COUNTY BOROUGH COUNCIL**

October 2014

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Background Documents

Regionalising Regulatory Services Project July 2013