

Tri- Borough Review

Critical Friends Board Report to the London Borough of Hammersmith & Fulham

London Borough of Hammersmith & Fulham

27 October 2014

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Foreword by Lord Andrew Adonis

I write this foreword on behalf of the Critical Friends Board – an independent group appointed in July 2014 by Cllr Stephen Cowan, Leader of the London Borough of Hammersmith and Fulham (LBHF) to review the tri-borough arrangements in place across LBHF, the Royal Borough of Kensington and Chelsea and the City of Westminster.

Significant cuts in local authority funding pose a huge challenge for local government. In response to this, in 2010 the three boroughs initiated the tri-borough arrangement – a model for collaborative working – with the aim of enabling the councils to do more with less, sharing resources and management, and reducing costs whilst improving services.

Sharing services between local authorities is not unique to the ‘tri- borough’ agreement. But, at the time of its inception, the depth and range of arrangements proposed across the three Councils did represent a bold reconfiguration of service provision. Whilst substantial progress towards the aims of the tri-borough arrangement has clearly been made in certain areas – most notably in reducing costs and sharing management – we would suggest a number of improvements. In summary, they are as follows:

1. The commitment of the three boroughs to joint working and service provision should be explicitly reaffirmed to achieve larger savings, greater value for money and higher quality service standards;
2. Decisions should be taken urgently, and no later than the end of this year, by the leaders of the three boroughs, on a) the scope for further joint service provision; b) the future of existing joint services if and when they underperform; and c) the further streamlining of management structures;
3. Tri-borough organisational structures should be made simpler to encourage wider collaboration;
4. Accountability and control both at borough and tri-borough level should be strengthened. This should include: a) the appointment of a dedicated chief executive for each borough; b) frequent meetings of the three borough leaders to exercise oversight; and c) frequent meetings of the relevant cabinet members from each borough in respect of tri-borough services;
5. End-to-end commercial capabilities need to be strengthened, and contractual arrangements should allow explicitly for different local objectives and for individual boroughs to intervene effectively in cases of failure;
6. Existing and future tri-borough service provision should be open to other boroughs where this offers further efficiency and service improvements.

This report makes detailed recommendations in each of these areas. On this basis we believe that joint working and service provision can be enhanced to meet efficiency and service quality demands, while maintaining the sovereignty of the individual borough councils in setting service standards and acting to protect local interests.

I would like to take this opportunity to thank all the individuals, teams and other contributors for their time and constructive input into this final report.

Lord Andrew Adonis

On behalf of the Critical Friends Board (Professor Tony Travers, Deborah Lincoln and Cllr Max Schmid)

Review Scope

- The scope of this review was to work with the London Borough of Hammersmith and Fulham (LBHF) to assess the current state of the 'as-is' tri- borough arrangements, providing a high level view of where it is working and where it is not for LBHF and provide recommendations for future improvement initiatives as part of building the strategic organisation necessary to deliver on the Council's future objectives.
- Although no areas have been explicitly excluded from the scope of this review, it is noted that this is a high-level assessment undertaken in a limited timescale and does not include an in-depth service by service analysis – it is therefore recognised that the resulting options and recommendations may not be wholly applicable to all areas of LBHF's shared services. Any conclusions drawn are based upon primary research into the following key perspectives which helped develop that high level view of the current ways of working:
 1. LBHF Members;
 2. Executive Directors and Leadership teams across the three boroughs;
 3. Staff across all three boroughs;
 4. Tri- borough specific procurement case studies, and;
 5. Selected other London boroughs.
- The options and recommendations outlined in this report are not finite or final and will require further communication, discussion, iteration and development on a service by service basis with elected members, departments, directors and officers across the shared service landscape to ensure that future initiatives are carefully considered and implemented in the right areas for the right reasons.

1. Executive summary

Executive Summary

What is the tri- borough?

- The 'tri- borough' initiative was originally conceived as a framework for joint working arrangements across three London boroughs: the London Borough of Hammersmith and Fulham (LBHF), the Royal Borough of Kensington and Chelsea (RBKC) and the City of Westminster (WCC) . Now four years since its inception, the original tri-borough ideology has evolved to become a mixture of implemented and planned initiatives at the 'tri- borough', 'bi- borough' and 'mono- borough' levels.
- The term 'tri- borough' is therefore a confusing term used to describe what is actually a wide ranging mix of service led collaborative working arrangements, which now display varying levels of organisational and operational integration, and one commonality – shared management resources.
- Currently, of the seven core departments of LBHF, five are classified to some degree as working either as tri- or bi- borough services and 62% of LBHF respondents from a staff survey consider themselves as working for a shared service.
- To-date, the initiative has been implemented based on an adaptive service-by-service model, led from a starting point of 'sharing management to cut costs'. Not a typical model for sharing services – where enabling services and back office/support functions typically 'lead the way' – the tri-borough has implemented shared management in front line services (Adults and Children's social care) first. This has created a complex organisational and structural model, which still lacks the supporting systems, governance routes and coherent vision required for its future success.
- The tri- borough outcomes to date notably appear to be down to the determination and commitment of members, officers and staff to make the collaboration work on a practical, pragmatic basis.

Overview of Original Proposals

- There have been successes in the implementation of the original proposals, most notably in the core objective of sharing management resources, but it is recognised that the boroughs can go further in the other areas and that some key challenges still remain:
 1. **Savings through shared management** – has since 2010 delivered in excess of £5m, or 54% savings, by cutting senior management posts (Tiers 1-3) across LBHF from 106 to 54. However, there are concerns that, although officers are working to their brief within the current operating model, the resulting joint officer management structures pose challenges in terms of retaining sovereignty and individual borough accountability and independence.
 2. **Working 'at scale'** - The tri- borough arrangements allow LBHF to operate 'at-scale' – benefiting from a larger geographical footprint, shared resident pool and increased operational flexibility and resilience.
 3. **Sharing best practices** - Creating a trusted network of sharing has been a mechanism for more innovative cost savings, increased revenue generation, service delivery improvements as well as providing staff with new working experiences.
 4. **Smarter Commissioning & Service Improvement** – through the implementation of the three aims above, the tri- borough services have delivered some specific improvements in front line delivery for their residents and there is potential to create additional benefits through further alignment. However, the way in which joint teams currently link into the procurement (and wider commercial) process has seen mixed success and has resulted in some service level challenges.
 5. **Joint procurement** – Although some bottom line cost savings have been delivered, there are some major ongoing contractual, procurement and end-to-end commercial challenges. Some recently let contracts have uncovered flaws in the end-to-end commercial process within both LBHF and across the tri- borough arrangements.

Executive Summary

Areas requiring further development

- The key challenges of tri- borough working are operational and organisational in nature and result from what has been a gradual and piecemeal implementation of supporting back office infrastructure, skills, processes and governance models needed to support collaborative working.
 - **'Tri-borough' - what's in a name?:** The term 'tri- borough' is ultimately a misleading one. It incorporates multiple identities and suggests exclusivity to the three boroughs involved, appearing to have taken on its own 'brand' or 'club' status. The use of 'tri' points to the arrangement being for three councils only working together. Whereas in reality it is not one single formulaic initiative; instead it is an 'umbrella' term for evolutionary joint working and a collaborative model which now exists across the three boroughs, and in some services between just two boroughs.
 - **Complex operating model:** The way in which services have been integrated through shared management from the top down creates organisational structures that, as well as being difficult to navigate internally, cause uncertainty and misunderstanding outside the three boroughs.
 - **Inadequate enabling infrastructure:** On the ground, officers working in most shared teams are operating from largely independent and separate IT and support systems, with three different reporting and governance structures and associated timetables. Staff (often doing the same roles) still remain on different pay, terms and conditions across the three boroughs. From the high-level, the currently complex organisational structures lack the aligned and effective processes, governance and leadership required to drive the required behaviours and information flows.
 - **Risks to sovereignty and accountability:** Alongside and arising from the unaligned supporting infrastructures and the varying operating models and structures, there are some risks to the maintenance of individual borough sovereignty and accountability. Key risks have to date originated within the procurement and end-to-end commercial management of joint services, but shed light on the future risk of critical individual borough needs 'slipping through the net' during complex shared service implementations. These must not be overlooked particularly as the progress towards further collaborative working, on any level across London, gathers pace.

Summary

- Despite the challenges, it is apparent from the work carried out for this review that joint working has delivered benefits for LBHF; and further benefits are in train for the future.
- However, the joint working arrangements should not continue as they currently are, as improvements need to be made and a number of challenges addressed; regardless of whether there is less - the same - or more collaboration between the three boroughs in the future. Further, we see addressing these challenges as a prerequisite to enabling LBHF to be in a stronger position to work more closely with other London boroughs in the future.

Executive Summary

Recommendations for Improvement

1 Vision	<ul style="list-style-type: none">• The tri-borough lacks a cohesive vision for the future. Recognising the different borough mandates, the three cabinets should aim to discuss the current challenges and reach a consensus on the future vision for collaborative working, at whatever level they decide this to be. This vision should also develop thinking on how joint working with other London boroughs could be more easily achieved where it will add further benefits to do so. Part of this vision should also be focused on the name and brand 'tri-borough'. Terminology should reflect the true nature of the arrangement, which is a mixed model of shared services and collaboration – currently across only two and three boroughs – which should be broadened to develop collaboration across multiple boroughs.
2 Leadership	<ul style="list-style-type: none">• In line with the future vision, behaviours and values should be refreshed through engagement and communication from the top-down. Strong and audibly aligned leadership will be required to push forward and deliver the future planned tri-borough savings and service improvements.
3 Accountability	<ul style="list-style-type: none">• The LBHF leadership needs to assure itself that the necessary compromises of joint working do not risk undermining localism and sovereignty; any perceived or actual compromise must be understood, governed and appropriately assessed. To strengthen accountability and control, LBHF should appoint a dedicated chief executive.
4 Structures	<ul style="list-style-type: none">• It needs to be easier and clearer for other councils to join the collaboration. Subject to the overall level of ambition within LBHF and current individual service area characteristics, there are a number of options for addressing the current organisational complexities. Given the savings requirement, it is timely for LBHF to review its own management structures again to drive out further efficiencies (although we recognise that the joint nature of some management posts across the three boroughs makes this a more complex task)
5 Governance	<ul style="list-style-type: none">• In order to successfully deliver current, as well as future, collaborative working arrangements, there is a need for an aligned and formalised governance model to help ensure compliance, reduce risk and increase agility. These governance arrangements need to oversee joint working arrangements on a service by service basis and need to be much more visible both inside and outwith the Council than at present.
6 Procurement	<ul style="list-style-type: none">• Procurement and commercial capabilities need to be strengthened in LBHF. End-to-end commercial activity should be positioned at the 'top-table' with strong leadership to drive business, customer and market engagement. Capability and capacity issues should be addressed in line with the complexity of ongoing collaborative procurements. Contract and Supplier performance management should also be reviewed to ensure the end-to-end process continues to add value. This needs to be done for LBHF, regardless of the tri-borough arrangements.
7 Technology	<ul style="list-style-type: none">• In order for the three boroughs to continue to work together, current systems and applications are inadequate to serve the operations they are in place to support. The digital agenda needs to be embraced more fully and systems need to be aligned so that they support staff in smooth working among the three boroughs.

