1. **Purpose of Report**

   This report updates Council on the key items relating to joint working between Oldham and Rochdale Councils considered by the Advisory Joint Committee (AJC) at its meeting on the 30th June 2011 and by each Council’s Cabinet meeting on 11 July 2011.

2. **Background**

   2.1 At the Oldham and Rochdale Annual Council meetings in May 2011 the establishment of an Advisory Joint Committee was agreed in order that proposals for Oldham and Rochdale joint working could be assessed and a course of action determined. Accordingly, Ernst and Young were appointed to support the councils to carry out a base lining exercise to assess the opportunities for integration and the financial benefits that could arise from such integration.

   2.2 In addition at the 13th June meeting AJC requested that:
   a) options for delivery models for joint working were assessed;
   b) proposals for the establishment of a Joint Chief Executive post were drawn up;
c) proposals regarding the sharing of costs and benefits arising from integration were developed

These matters would be progressed subject to the overall recommendations to be made by the Advisory Joint Committee regarding the integration of services.

2.3 The AJC met on the 13th June and the 30th June 2011. Cabinet met on the 11th July 2011 and amended the recommendations of the AJC and these are contained within this report.

3. Recommendations

3.1 Cabinet recommends to Full Council:

a) that Rochdale Borough Council agrees in principle to pursue the integration of the delivery of services in order to achieve significant financial benefits to contribute to each authority’s medium term financial plans and to improve the resilience and effectiveness of services.

b) that the scope of integration encompasses all services and that as detailed plans for integration are developed any services which should not at this stage be integrated should be determined and then excluded from integration on an exception basis.

c) that work commence on securing a formal agreement between the two Councils as to the terms upon which integration will be delivered, with the aim of achieving integration at the earliest possible opportunity to ensure that the savings are delivered in financial year 2012/13 and thereafter it being accepted that Rochdale has work in train which seeks to deliver significant savings outwith this process.

d) that the underpinning principles for integration are agreed as:

1) Understanding the importance of identity.
2) Improving service outcomes.
3) Delivering efficiencies.
4) Maintaining democratic accountability.
5) Costs of and savings secured by integration will be shared between the two Councils on a 50/50 basis the details of which are to be agreed.

e) that delivery models for integrated services will be assessed, developed and agreed as part of the implementation of integrated working.

f) that integrated working be led by Joint Chief Executive and Joint Management Team (the latter to be defined) and that the process to be followed for the appointing of the Joint Chief Executive is as set out in the separate report on this agenda and subject to the approval of that report.

gh) that the detailed elements of the operating model for joint working are developed and agreed as part of implementing the integration of services.

h) that the principles are agreed in relation to appointing a Joint Chief Executive are as set out in the separate report.
i) that resourcing plans for the implementation of joint working will be developed for subsequent approval.

3.2 That it is noted that the Advisory Joint Committee will consider at a future meeting the resourcing arrangements and any other matters pertaining to the implementation of joint working.

4. **Current Position**

**Baseline Report**

4.1 The Ernst and Young baseline report indicates that integration of services between Oldham and Rochdale Councils has the potential to deliver between £28 million and £52 million over a three year period. This represents 24% to 44% of the required savings for both authorities' medium term financial plans (2012/13 to 2014/15). This assessment arises from an initial analysis of nine priority areas which account for 80% of addressable expenditure across both authorities and includes over 75% of the potential long list of synergies.

4.2 In order to deliver the greatest contribution to both Councils’ savings targets for 2012/13 integration work needs to commence at the earliest possible stage. Any delay in commencing work will reduce the benefits available to each authority.

4.3 A key consideration for progressing joint working is the scope of the potential integration. It is proposed at this stage of the project that the scope should encompass all services. As detailed plans for integration are developed any services which should not be integrated at this stage should be determined and then excluded from integration on an exception basis.

**Delivery Models and Key Principles for Integrated Working**

4.4 In order to progress joint working it is vital that both authorities have a shared understanding of the principles that underpin the proposals for integration. As set out in the recommendations to this report these principles have been set out as:

a) Understanding the importance of identity.

b) Improving service outcomes.

c) Delivering efficiencies.

d) Maintaining democratic accountability.

e) Costs of and savings secured by integration will be shared between the two Councils on a 50/50 basis.

4.5 There are a range of models that can be adopted for the delivery of integrated services and it is important to recognise that, in the same way that each council currently has a mixed economy of service delivery models, future integration will need to embrace a range of delivery models that represent the optimum arrangement for the specific services in question.

**Joint Chief Executive**

4.6 Although the nature of the delivery models will need to be determined according to the services to be integrated, the managerial leadership of
integrated working needs to be agreed from the outset. This will require a joint chief executive and a joint senior management team, the details of the latter to be defined.

**Next Steps**

4.7 Subject to approval of recommendations by Council, the Advisory Joint Committee at a future meeting will need to consider other matters to progress the joint working. In particular it will need to determine how the joint working will be resourced. The costs to achieve joint working can be broken down into the five key headings:

a) change costs;
b) staff training;
c) technology;
d) staff release costs;
e) contingency

4.8 The change costs will need to be assessed both in terms the financial requirements as well as in terms of the appropriate balance between existing staff resources, new staff resources and consultancy support. The other categories of cost will need to be assessed in terms of the degree to which they are new costs versus costs that would have been incurred through other savings measures to balance each councils’ budgets in the medium term.

5. **FINANCIAL IMPLICATIONS**

5.1 With regard to the financial information within the Ernst and Young report and the range of savings presented within it, it is important that the following is clearly understood:

- All figures are currently indicative. A substantial amount of work has been undertaken to agree and validate the financial baseline. This means that we are reasonably confident that the figures comparing our current expenditure, across key services areas, is an accurate estimate taking into account the differences in organisational structure and service groupings.

- The range of savings figures quoted at £28m to £52m are not based on specific proposals. They are indicative of a potential level of savings that could be delivered through a range of joint working and integration options. They are based on an understanding of the base budgets for each service and the application of a range of savings to that budget that could reasonably be said to be achieved.

- The figures are considered to be reasonable in the context of the level of savings both Council’s need to make over the next 3 years. At this stage however it is a high level assessment without the detail that would be needed to confirm and validate savings.

- The report identifies the importance of noting that the financial benefits are not solely delivered through integration. The savings also rely on different models of working and service delivery.
The figures also represent a range of what might be possible as a result of all the different types of activity defined in the report as ‘integration’. Integration is defined as being activity that includes further collaboration and joint working through to a fully integrated service.

Some of the savings in the report that are capable of delivery without structural integration are already being progressed by services as part of the work on the 2012/13 and 2014/15 budget. This means that the figures within this report will not be additional to a number of proposals the council is already developing. The extent to which the proposal could contribute an additional 24% to 44% of the savings requirement therefore needs treating with caution.

There is a need for detailed financial work to understand the specific savings that can only be achieved through full structural integration. This will ensure there is no duplication or double counting of savings and that decision making is clear with regard to the savings and implications.

There will be a need for funding to provide for the costs of any structural integration. This will include costs of project management, staff capacity to deliver the change, specialist advice regarding contractual issues and terms and conditions, staff training, ICT investment, ER/VR costs.

Although the principle of a 50/50 split can be agreed the Council will require further detail regarding the proposal to share savings from integration (which are not deliverable any other way) on a 50 / 50 basis. This will be informed by the next stage of the process of detailed design work should members agree to proceed to the next stage on the 20th July 2011.

6. **LEGAL IMPLICATIONS**

6.1 Joint working and any level of integration will raise legal issues for which we will have specific work streams and legal implications will be considered and advised upon at the appropriate time as the project progresses.

6.2 The Legal considerations are outlined within this report. More detailed advice will be provided at the appropriate time on models of delivery should members agree to proceed to the next stage on the 20th July 2011. Some form of agreement or position in writing will be required to deal with any 50/50 split arrangement on savings and at the time of writing the report no detailed work has been carried out on this. Both Councils will also need to satisfy themselves that any such arrangement is lawful.

7. **PERSONNEL IMPLICATIONS**

7.1 Joint working will have significant workforce implications which will require consideration at the appropriate time.

8. **RISK ASSESSMENT IMPLICATIONS**

8.1 There are no specific risk issues for members to consider arising from this report.
9. **EQUALITIES IMPACTS**

9.1 **Workforce Equality Impacts Assessment**

There are no workforce equality issues arising form this report.

9.2 **Equality/Community Impact Assessments**

There are no significant equality/community issues arising form this report.