

# COMBINING DIFFERENT GOVERNANCE STRUCTURES INTO ONE JOINT COMMITTEE



Stephanie Sharp  
SSA, Programme  
Manager for  
Newham Council

From April 2014, the London Boroughs of Havering and Newham will bring together their back office support functions, combining 21 separate services. This will allow them to share savings worth an estimated £40million by 2018/19, helping protect frontline services to the public. The two councils have worked quickly to get to this point – the project was only formally established in March 2013, with the Business Case written and approved by November. We have been working on the project and this is the story of the governance.

One of the biggest challenges for Havering and Newham has been to decide on a delivery model for the new shared service that would work for two very different councils.

As with any shared services project, there have been some very big decisions to make – which services should be in-scope, what levels of savings we should aim to achieve and what the model for the new shared service should be. The tools and templates from the Shared Services Architecture Programme on getting the vision for the shared service right were absolutely invaluable – everything else flowed from that.

The decision on the delivery model had to be made in the context of the ways in which the two councils make decisions and their very different political make-up.

Havering has a Leader and Cabinet model with a Conservative administration, whilst Newham has an elected Mayor and a 100% Labour council. The Mayor and Leader are absolutely committed to the project, seeing the benefits for both their councils and residents, but the two councils do work in quite different ways.

So, the first step was to recommend the preferred delivery vehicle in the business case. We firstly used SSA's efficiency matrix to identify if there were options other than sharing services to achieve our aims.

When it became clear that a shared service was the only viable option, we then identified four potential delivery vehicles – a limited company, a joint committee, full outsourcing or joining another shared service.

We evaluated each of these options against a set of criteria agreed by the Joint Project Board from both councils. We used the fourteen criteria, in the table shown on page 30, which were given a weighting.

The key elements in assessing the delivery models (and hence those with the highest weighting) were:

- Alignment with the overall vision
- Cost and quality
- Ease of getting other external work (an important consideration for the two councils)
- Speed of delivering benefits
- Impact on each council's pension fund

The joint committee model was chosen on the basis that broadly it would allow the two councils to maximise savings as quickly as possible, retain talent in their own organisations and retain control over the in-scope services.

## Establishing the Joint Committee

It's fair to say that this was the part of the business case which caused most discussion, took up the most time and resulted in the most re-writes!

The Joint Committee is made of three Members of the Executive of each Council. In setting up a Joint Committee you are effectively asking the key political figures in each Council to give up some of their powers and functions to a new body, 50% of which is made up of councillors from another council (and in Havering and Newham's case from an 'opposing' political party).



Tony Huff,  
SS(PRAC) Project  
Lead for Havering  
Council

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*One thing that really helped steer the Business Case through the decision-making process was giving all parties on the council thorough briefings and the opportunity to ask questions about the Full Business Case.*

In our case, this was further complicated by the fact that the two councils' constitutions have their own schemes of delegation and that the powers that could be delegated to the Joint Committee differed between them.

For the shared service to work effectively it would need to have a fair degree of autonomy over decisions on appointments, budgets, accommodation and operational issues, without the need for them to be referred back through each council's decision-making structure.

Naturally this led to a lot of questions from Elected Members and the need for re-assurance over the control that their council would retain over this new organisation. The key point that was repeated many times over the course of the project was that all council policy decisions remain with the two councils.

We created a Joint Committee and Delegation Agreement that was acceptable to both councils and consistent with their own ways of working and existing Schemes of Delegation.

In the end, the project team came to a view that some of the autonomy that we would have ideally liked the Joint Committee (and therefore the shared service) to have, would not be possible. For example, senior management appointments will still need to be approved by the 'parent' councils.

Drafting the Joint Committee Agreement involved the two councils' legal teams (and in particular the Director/Head of Service) in a great deal of work. There is an important learning point here for anyone thinking of going down the Joint Committee route. The devil is very much in the detail and you need to allow yourself sufficient time (and ensure that your lawyers have the capacity) to draft and agree your Agreement within the project timetable.

It's also important to make sure that you map out the path that a decision to set up a shared service needs to take at each council.

Whilst at Newham the decision just needed to be made by the Cabinet, at Havering the decision needed to go to three meetings – the Cabinet, the Governance Committee (to amend the council's constitution to set up the joint committee and agree the delegations) and Full Council before being approved. Careful planning was needed to ensure that this could happen without delaying the planned 'go live' date.

### **Helping Members make the decision**

One thing that really helped steer the business case through the decision-making process was giving all parties on the council thorough briefings and the opportunity to ask questions about the full business case.

In fact, at Havering's Full Council meeting three of the party leaders recognised and praised the work that had gone into briefing them and helping them understand and take a view on what is a major decision for the council.

You also shouldn't under-estimate how new and complicated setting up a shared service and Joint Committee can be to those officers and Members who aren't close to the project. Even very experienced people can need help understanding some of the details and nuances, so time spent explaining your plans is time well spent.

It's also important to be clear on what specific terms mean – 'back office' and 'support service' can mean different things to different people!

We are starting 2014 at the exciting point where the shared service between Havering and Newham moves into the implementation phase.

We're confident that the model chosen for the shared service, and the efforts we've made to ensure that it is understood, will allow us to achieve our vision, create an exciting and innovative service and deliver the significant savings that both councils expect.

## Havering and Newham Councils' Shared Service Delivery Vehicle Options Appraisal

This table shows how Havering and Newham Councils scored the four business delivery vehicle options, using Tool 3.02 from the SSA Trust & Vision Toolbox. Each option was evaluated according to whether it fully, partially, or did not, meet the criteria. Then each criterion was weighted to how important it is to the programme. The scoring was carried out in the context of the agreed vision for the shared service.

	Weighting	Vehicle option			
		Create a company	Create a joint committee	Outsource	Join another shared service
Alignment with overall vision	3	6	6	3	3
Lowest cost, at agreed quality delivered consistently	3	6	6	6	6
Speed of benefit delivery	3	3	6	3	6
Ease of gaining external work	3	3	6	0	3
Pension fund issues	3	3	6	0	0
Governance effectiveness	2	4	2	2	2
Flexibility regarding service delivery	2	4	4	2	2
Resilience	2	4	4	4	4
Options for cultural change	2	4	2	4	4
Ability to provide phased approach	2	4	4	2	4
Maturity of model	1	1	2	2	2
Flexibility to evolve model	1	2	2	1	1
Local employment opportunities	1	2	2	1	1
		46	52	30	38

### Scoring Key

Fully meets criteria	2
Partially meets criteria	1
Does not meet criteria	0