

Agenda Item

Executive Board

MW



Partnership working with South Somerset District Council

Summary

At its meeting on the 9 December 2009 the Council adopted a recommendation from the Executive Board that formal working in partnership with South Somerset District Council (SSDC) be explored. SSDC was chosen, after careful consideration, as the most suitable and appropriate potential partner, reflecting the earlier decision at that meeting to pursue the principle of sharing services. Since that meeting a number of meetings and discussions have taken place. As a result it is now recommended that a formal partnering arrangement be agreed. The arrangement would initially involve the establishment of a Joint Integration Committee of councillors from both EDDC and SSDC and the sharing of a Chief Executive (who would act as lead advisor to the Joint Committee) but would promptly extend within the forthcoming financial year into a more comprehensive sharing arrangement of officers.

Looking at the difficult budget setting process that is currently underway and the inevitability that the future financial environment will pose even greater challenges adoption of the recommendations in this report will give the Council the key to unlock and deliver savings through the sharing of managers and teams; the result of which will give councillors an increased range of options in assessing how to respond to growing budget pressures.

Recommendation

1. That a Joint Integration Committee be set up as from April 2010 under the terms of reference set out at Appendix A and that members be appointed thereto.
2. That, mindful of the current and likely financial environment, and the potential for shared savings to be achieved (as referred to in Appendix B the contents of which are noted) the Joint Integration Committee be charged with bringing forward a report(s) setting out an appropriate, affordable and sustainable joint management structure, identifying which posts can be shared and also those posts which should remain specific to either or both councils.
3. That in pursuance of the above the Council agrees:
 - (i) to the post of Chief Executive (and Head of Paid Service) being shared with South Somerset District Council with effect from 22 March 2010
 - (ii) that the services of the Chief Executive (and Head of Paid Service) be formally offered to South Somerset District Council for the purpose of that Council's functions in accordance with section 113 of the Local Government Act 1972
 - (iii) that the Chief Executive (and Head of Paid Service) be appointed by South Somerset as its joint Head of Paid Service with effect from 22 March 2010
 - (iv) that the related costs associated therewith be shared on a 40/60 basis

- (v) that a formal agreement is entered into with South Somerset District Council under section 113 of the Local Government Act 1972 (dealing with the sharing of costs and the working arrangements relating to the joint chief executive) and that delegated authority be given to the Leader of the Council to sign the agreement
- (vi) that that the Chief Executive (and Head of Paid Service) act as lead advisor to the Joint Integration Committee
- (vii) that detailed arrangements on day-to-day working are as agreed with the Leaders of both councils
- (viii) that the ongoing costs of the post are shared on a 50/50 basis and that the terms and conditions be as advised by the South West Employers

4. That in principle the Council agrees to commence joint arrangements in areas where management vacancies already exist as from April 2010 and that the costs of the posts are funded on a shared or other equitable basis
5. That the protocol as set out at Appendix C be approved
6. That all references in the constitution to the Chief Executive (or Head of Paid Service) shall apply to the joint Chief Executive with effect from 22 March 2010.

a) Reasons for Recommendation

As referred to in the report to the Executive Board on the 2nd December 2009 and the associated reports from the Improvement & Development Agency the recommendations present a logical response to the financial pressures and developments affecting both councils. The potential savings are as referred to in the report and the recommendations will facilitate a means of releasing those savings.

b) Alternative Options

- Remain as separate councils with separate officer groupings. *The risk would be that the council could not achieve the savings needed without damaging cuts to front line services.*
- Do nothing until the unitary is fully resolved. *This debate has been on going for some three years now. As long as any risk of a unitary decision is recognised and addressed there is no advantage (and many disadvantages) in simply waiting.*
- Wait until a fully costed and detailed integration strategy is tabled. *This is impractical since the Joint Integration Committee will, during its life, make a series of recommendations to members that will be determined by the environment existing at that time, impacting on costs and speed of any integration.*
- Do not make any decisions at this time. *Savings required by either council for their 2010/11 budgets and forecast in their Medium Term Financial Plans cannot be delivered until members agree the report recommendations.*

c) Risk Considerations

These are as set out in this and the earlier report and can be seen as a refinement of the risk considerations that relate to all partnership arrangements. It is recognised from the outset that this joint arrangement provides a solid platform from which both councils will seek to absorb future public sector cuts. However the scope and scale of those cuts have not yet been made clear by central government. Therefore it would be inappropriate to set out every conceivable area of saving. The report establishes a clear route for initial savings while providing the Joint Integration Committee, the joint chief executive and members generally with areas for further consideration. There is set out in Appendix H for member's information the risk assessment that South Somerset have completed.

d) Policy and Budgetary Considerations

As referred to in the report. Members should note that estimated savings from the adoption of the recommendations in this report are included in the budget report reported earlier to the meeting

e) Date for review of decision

Members will receive regular reports from the Joint Integration Committee but formal regular review/assessment will be a necessary part of the process.

1 Main Body of the Report

Background

- 1.1 Members of both councils agreed, in December 2009, to develop/explore a phased approach to joint working at the officer level. It was further envisaged that this would start with the creation of a joint integration committee and the appointment of a shared joint chief executive as from April 2010. The phased approach would then extend to sharing directors, assistant directors/heads of service and service managers.
- 1.2 The primary driver for this joint working is the impact of the recession and the public sector debt. With public sector cuts announced by all political parties, the stark choice is joining up back office functions to make savings or risk further damaging front line service reductions.
- 1.3 When the December report was considered there were 20 district councils nationally that were already working in such a joint way. By mid January another 14 district councils had announced their plans to do similarly.
- 1.4 The appointment of a shared joint chief executive is recommended by the IDeA as the key to unlocking the potential savings of the joint arrangement and therefore must happen at the beginning of the process. This has proved to be so in every case of joint working to date.
- 1.5 It has already been recognised by members that there are many benefits in East Devon and South Somerset councils entering into a joint arrangement. Appendix D sets out the similarities that already exist in terms of corporate themes. Corporate focus, therefore, is not dissipated through many and varied themes. Appendix E sets out some other elements to further assist members.
- 1.6 This report confirms a clear process that can deliver savings starting in the 2010/11 financial year from the sharing of a joint chief executive and from further assessing current vacant posts at both councils.
- 1.7 Appendix B demonstrates a savings range from £1.2m to £2.1m per year shared by both councils potentially available through a joint shared management arrangement. The exact level of savings will be determined by how 'lean' or 'generous' both sets of members may wish to go. There is potential to go 'leaner' than the costed structure. Appendix B also refers to possible payback ranges of between 17 and 18 months. The costs of achieving a shared chief executive are to be shared on a pro-rata 40/60 basis (EDDC/SSDC).
- 1.8 It is not the purpose of this report to tell members the joint management structure they should agree. The report sets out clearly the savings available, the cost of those savings and the consequential payback periods. It will be for members, working with the shared joint chief executive, to determine the appropriate structure and associated timescales. The matter will therefore be subject to Joint Integration Committee discussions and any subsequent recommendations to members of both councils.

2.0 Savings Not Included

- 2.1 This report does not seek to undermine the role of the Joint Integration Committee and the joint chief executive by detailing any savings available below the level of manager. Nor does the report detail any savings that may accrue through shared specialist teams or individual posts.
- 2.2 The Joint Integration Committee will, during 2010/11, make further recommendations on specialist posts and savings through integrated services as part of its work programme. This will ensure that members direct the speed and depth of the integration. Furthermore this report does not anticipate the level of savings through joint procurement or a combined approach to either lean or systems thinking. Those savings will be additional to the joint management savings.

3.0 A Joint Integration Committee

- 3.1 With any such project, it is vital that members remain at the helm. To ensure this is the case a recommendation is made in this report that seeks formal approval for East Devon and South Somerset councils to establish, under section 102 of the Local Government Act 1972, a joint committee called a Joint Integration Committee, made up of 5 members of each authority. Recommended terms of reference for this committee are set out at Appendix A.

4.0 Protocol

- 4.1 Set out at Appendix C is the joint protocol that both councils are asked to sign up to at recommendation 5. This protocol sets out the basis of the arrangement, what it seeks to achieve and how the arrangement may be terminated. It is through this protocol that the main risk (termination of the arrangement) is addressed.

5.0 Governance Arrangements with a Joint Chief Executive

- 5.1 In practical terms the joint chief executive will be on the payroll of one council. The other council will make regular payments, as agreed, reimbursing half the cost of the post. Such payments ensure costs are fairly apportioned as well as providing the basis for the chief executive to take on the statutory Head of Paid Service role at both authorities.
- 5.2 The chief executive will normally split their time, as agreed with both leaders, two and a half days per week at each council. This may, in practice, be better worked as each council having 5 days on site in every 10. They will be required to attend all full Council and Executive meetings at each council and seek to attend scrutiny when required. Other meetings will also require their attendance. They will be contactable throughout the week by members and officers and will maintain fully operational executive support units at each council. Until such time as there is a joint management team in place, the chief executive will be required to chair management board meetings at both councils.
- 5.3 Terms and conditions for the post are those as advised to the leaders of both councils at a meeting held with South West Employers in early February.
- 5.4 The joint chief executive will manage at a strategic level rather than at a detailed operational level. With the support of strategic directors, assistant directors/heads of service, service managers and focussed portfolio holders, this has never been more achievable. Indeed the lesson from Adur and Worthing councils (see post) is that this was far less of a problem that was initially anticipated.
- 5.5 Changes to each Council's Constitution will be minimal. Each council will retain, independently, its full set of statutory and discretionary functions. Nothing, in appointing a joint chief executive, would affect the rights or ability of each council to independently set its

own budget, determine its own policies, set its own policy framework and agree its own corporate themes. Each council will retain its own ability to carry out non-executive functions including, but not exclusively, licensing, scrutiny, audit and development control.

5.6 The chief executive will be expected to deliver impartial and high quality advice to both councils in his role as principal policy advisor to those councils. He will similarly provide clear leadership and direction for staff at both councils, enabling them to deliver on the agenda set by each council. The chief executive will only develop further joint working in areas that both sets of members agree.

5.7 The Joint Integration Committee will provide a key forum for dealing with any disputes or areas of concern. It will take a lead role in establishing the strategy for integration and monitoring delivery. The committee will be mindful of the need for continued good governance at each council. The joint chief executive will be the principal advisor to this committee.

6.0 The Adur and Worthing 'Model'

6.1 Adur District Council and Worthing Borough Council started operating jointly, under a shared chief executive, during 2007. Since then they have appointed a joint senior management team and developed a shared services agenda. Although at least 20 other district councils are operating similar arrangements, Adur and Worthing remain the most experienced councils in this type of partnering arrangement. Reproduced at Appendix F is a list of the key learning points both councils took from the early days of their joint venture. Members will no doubt want to see what levels of integration are possible and so it is anticipated that part of the work of the joint integration committee will include a visit to meet with members and officers of councils who are further down the road of sharing.

7.0 The Audit Commission

7.1 The Chief Finance Officer has met/discussed with the council's auditor to apprise him of developments. There is a clear recognition that the recommended partnering arrangement is vital in enabling both councils address shortfalls within their respective Medium Term Financial Strategies. Recent audit letters to both authorities have raised this matter

8.0 Assistance from the Regional Improvement and Efficiency Partnership

8.1 Discussions with representatives of the RIEP have concluded that, subject to members approving the recommendations contained within this report, there is a willingness to assist both councils with RIEP money.

8.2 It is recognised that this will be the biggest such joint arrangement in England. As such the RIEP are agreeable in principle to assist in funding additional work related to the project in a range of areas such as further analysis of areas for joint working, appropriateness of joint terms and conditions and financial benefits or otherwise of a single employer approach.

8.3 It is recognised that work assignments will flow from the work of the Joint Integration Committee and RIEP funding will undoubtedly help in this area.

9.0 Beyond 2010/11

9.1 It is recommended that members, by means of this report, agree to the joint working arrangements as set out. Members will be laying a firm foundation for future savings without seeking to be overly prescriptive from the outset. Lessons gleaned from other

councils who have similarly 'joined up' management and other arrangements reflect the experience of Adur and Worthing councils who concluded that 'it is not realistic to make firm predictions of future actual costs and savings since the context will continue to evolve'.

- 9.2 Notwithstanding this comment, it should be noted that Adur and Worthing councils have exceeded their anticipated savings to date.

Legal Implications

Appendix G sets out the legal framework governing each council's ability to share a chief executive, statutory officers and staff as well as the general provisions enabling councils to discharge any of their functions jointly.

Redundancies are envisaged as part of the shared services programme which will need to be subject to statutory consultation once proposals are made.

Financial Implications

As referred to in this report and Appendix B.

Background Papers

As referred to in the report, principally the report to Executive Board on the 2 December 2009 and the 8 Appendices to this report

Mark Williams
Chief Executive

Executive Board
10 February 2010