

FINDINGS PACK

Review of Shared Management Arrangements With East Hampshire District Council

Marketing, Business Development and Five Councils
Scrutiny and Policy Development Panel

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2016

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Introduction

**(Review of Shared Management Arrangements
With East Hampshire District Council)**

**Marketing, Business Development and Five Councils Scrutiny
and Policy Development Panel**

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Introduction

Suffering from unreliable IT systems was identified as the biggest risk in the implementation of the Five Councils Contract.

Our objective was to investigate the implementation plans for outsourcing delivery of IT services for Havant Borough Council to Capita.

All Councillors were consulted and invited to share, via Democratic Services officers, their experiences and concerns regarding the transfer of IT services to Capita. Along with the Panel's comments these concerns were submitted to the IT Client Manager and IT Work Stream Transition Lead for the Five Councils Contract, Mr Craig Richards. Mr Richards was then invited to meet the Panel to discuss these concerns and further questions.

It was pleasing to find that officers had prepared robust specifications and were successfully working with Capita to ensure a seamless transition. The Panel's complete findings are included in this report.

My thanks go to the Officers who provided the fullest answers to Panel's questions and to those Councillors who submitted their concerns and comments on the transfer. Councillor Tim Pike led this review as previous Scrutiny Lead and our thanks go to him for his diligence and insight along with the other members of the Panel.



Signed by Councillor Lance Quantrill
January 2017

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Recommendations

(Review of Shared Management Arrangements
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RECOMMENDATION

That the Cabinet consider offering consultancy services to aspiring Councils on successful partnership work.

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Conclusions

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CONCLUSIONS

The Panel were pleased to note that from meeting with Unison, Shared Team, Finance and Senior Management representatives, there were no major concerns identified with the HBC / EHDC Partnership and the experience had been positive.

From a human resources perspective, the Panel were informed the partnership had not had an adverse impact on staff. The evidence shows this despite an expected increase in staff turnover following the introduction of the shared management arrangements.

Although there was concern that the latest management review had increased the burden on staff below the top tiers of management, Unison had not received significant complaints from its members regarding the shared management arrangements. This finding was supported by the two Heads of Service interviewed by the Panel who were positive towards the new arrangements.

The Panel was pleased to note that where there was evidence that a shared service was not working i.e. planning services, the Councils were prepared to revert back to separate services. Sufficient measures had been put in place to support and train managers in their new roles.

From a financial perspective, savings by cluster were in line with expectations. Differences in the amount of savings made by each Council were due different staff structures and joint working contracts at each council prior to the introduction of the new arrangements.

Although inward investment could not be quantified, there were economic benefits from the partnership e.g. in promoting the key development sites along the A27/A3.

The Panel was pleased to find that the partnership was benefiting from the experience of other Councils that have already formed partnerships, which was a key factor identified in the business case.

There was no evidence to show that the shared management arrangements had disrupted Council services. The Panel was pleased to find that the number of complaints has declined since 2013/14 and that the number of complaints received were low compared to other Councils in the South East.

The Council has achieved a successful reconstruction of management without reducing service delivery. This presents the Council with an opportunity to offer consultancy services to aspiring Councils who are considering similar partnership options.

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Panel Members

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Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel

Scrutiny Lead:

Councillor Pike

Panel Members:

Councillors Pike, Shimbart, E Shimbart, Blackett, Quantrill and Kerrin

Cabinet Lead:

Councillor Bains (Cabinet Lead for Marketing, Business Development and Five Councils)

The attendance record for meetings of the Panel is shown below:

Attendance Record – Panel Members

Councillor	Total Expected Attendances	Present as Expected	Absences (Inc Apologies)
Councillor Mrs Blackett	7	5	2
Councillor Kerrin	7	0	7
Councillor Pike	7	7	0
Councillor Quantrill	7	5	2
Councillor Shimbart	7	6	1
Councillor Mrs Shimbart	7	4	3

Attendance Record – Guests

Councillor	Total Attendance
Councillor Branson	2
Councillor Francis	3
Councillor Ponsonby	3
Councillor Wade	2

Attendance Record – Cabinet Lead

Councillor	Total Attendance
Councillor Bains	3

Attendance Record – Scrutiny Board Chairman

Councillor	Total Attendance
Councillor Buckley	2

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List of Contributors

(Review of Shared Management Arrangements
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Marketing, Business Development and Five Councils Scrutiny
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Contributors to the Review

Who?	Contribution	When?
<i>Michelle Wakefield, HR Business Partner</i>	Provided written responses to questions on staffing aspects of the HBC / EHDC Partnership (questions submitted by previous Panel)	October 2016
<i>Brian Wood, Head of Customer Services</i>	Provided written responses to questions on customer service aspects of the HBC / EHDC Partnership (questions submitted by previous Panel)	August 2016
<i>Neill Payne, Unison Representative</i>	Met with the Panel and answered members questions in relation to staffing aspects of the HBC / EHDC Partnership	20 October 2016
<i>Tracey Wood, Head of Housing</i>	Met with the Panel and answered members questions in relation to working as a shared team across HBC and EHDC	3 November 2016
<i>Andrew Biltcliffe, Head of Planning</i>	Met with the Panel and answered members question in relation to Planning reverted to a separate service	3 November 2016
<i>Craig Smith, Head of Finance and Assets</i>	Met with the Panel and answered members questions in relation to financial aspects of the HBC / EHDC Partnership	28 November 2016
<i>Tom Horwood, Executive Director for Strategy and Governance</i>	Met with the Panel and answered members questions in relation to strategic aspects of the HBC / EHDC Partnership	9 December 2016

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Methodology

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Scope

To investigate the success of Havant Borough Council's partnership with East Hampshire District Council.

Links with the Corporate Strategy and Business Plans

The partnership with East Hampshire District Council complies with the Council's Corporate Strategy aims to explore how we can deliver services differently in a new and innovative way so as to promote services that are value for money.

Benefits to the Council and Its Residents

To ensure that the Partnership corresponds with the needs and wants of customers, in particular the desire for high quality and value for money services, and has delivered the benefits identified in the Business Case submitted to the Council in 2010.

Evidence to Support the Project

1. Briefings prepared by HR and Customer Services in response to questions prepared by the Panel
2. Interviews with members of the Shared Management Team.

The Project Included

1. Briefings completed by HR and Customer Services in response to the questions raised by the Panel.
2. Interview with a Unison Representative to discuss staffing aspects of the Partnership.
3. Interview with Head of Housing / Head of Planning (to discuss shared service / service that reverted from shared to separate).
4. Interview with the Chief Finance Officer to discuss financial aspects of the Partnership.
5. Interview with the Executive Director for Strategy and Governance to discuss strategic aspects of the Partnership.

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Briefing Notes

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of the Local Government Act 1972.

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Review of Shared Management Arrangements with East Hampshire District Council

CUSTOMER SERVICES BRIEF

Breakdown on number of Customer Complaints

Complaints report – HBC

Overall complaint numbers

	Total	% change previous year
2013-14	284	n/a
2014-15	237	- 16%
2015-16	161	- 32%

Breakdown via quarter

	Q1	Q2	Q3	Q4	TOTAL
2013-14	76	94	51	63	284
2014-15	67	65	65	40	237
2015-16	41	45	33	42	161

% responded in 10 days (corporate target of 85%)*

	Q1	Q2	Q3	Q4	AVERAGE
2013-14	95	88	82	89	88.5
2014-15	97	98.5	93.8	87.5	93.5
2015-16	97.6	100	93.94	92.9	96.1

*corporate target for planning complaints was reduced from 20 days to 10 days in 2015-16

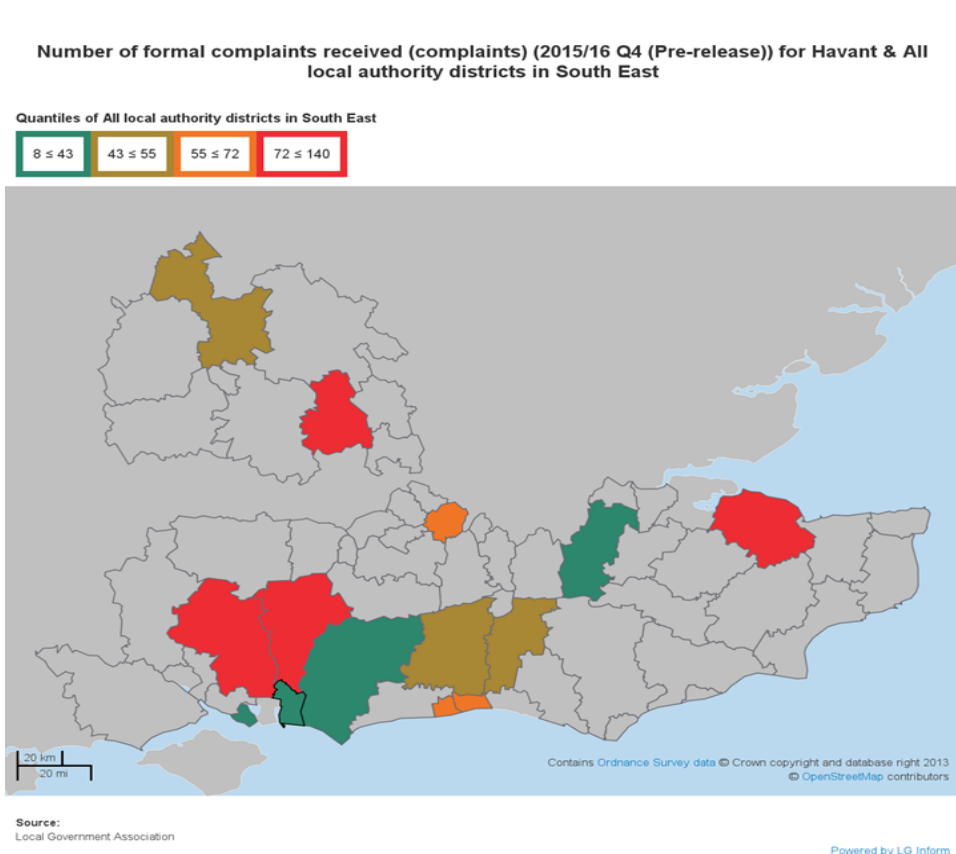
Breakdown via service area

	2013-14	2014-15	2015-16
Communities	19	67	42
Planning	25	34	17
Environmental Services	182	83	54
Corporate (include Governance & Logistics)	58	53	48
TOTAL	284	237	161

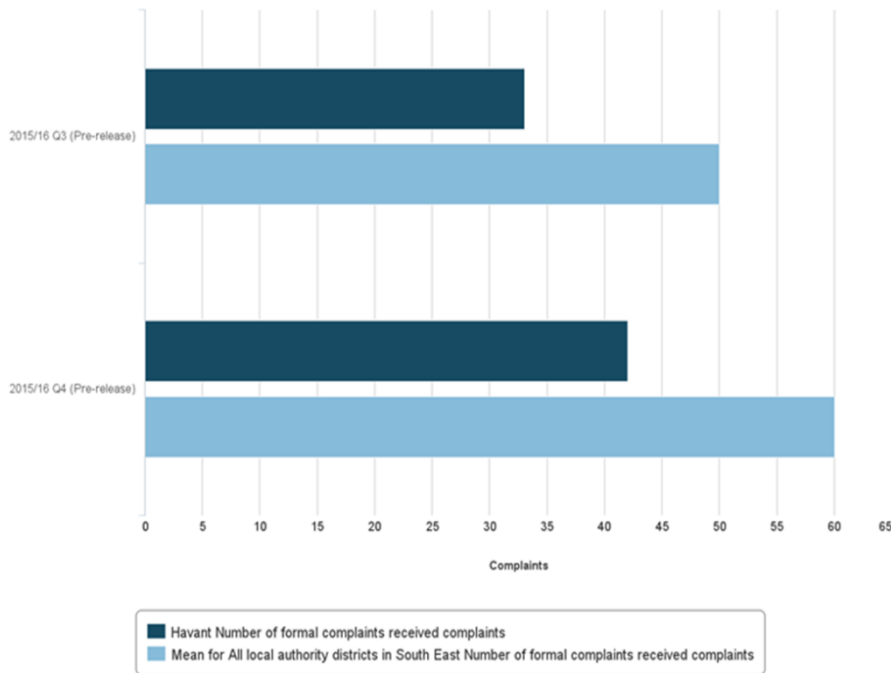
Number of formal complaints received (complaints) (from 2015/16 Q3 to 2015/16 Q4) for Havant

Period	Number of formal complaints received			
	Havant	Minimum for All local authority districts in South East	Mean for All local authority districts in South East	Maximum for All local authority districts in South East
2015/16 Q3	33	3	50	106
2015/16 Q4	42	8	60	140

Complaint comparison over last two quarters with other authorities in South East



Number of formal complaints received (complaints) (from 2015/16 Q3 (Pre-release) to 2015/16 Q4 (Pre-release)) for Havant



Source:
Local Government Association

Powered by LG Inform

Impact of Shared Management Arrangements on response times

There is no evidence to suggest that response times are longer – the reduction in complaints would support this view.

Changes to the Indices of Multiple Deprivation, HBC Since the Partnership Took Effect

	Indices of Multiple Deprivation	
	HBC	EHDC
2010	107/326	302/326
2015	142/326	308/326

Future Changes to the Arrangements

Not aware of any

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Review of Shared Management Arrangements with East Hampshire District Council

UNISON 'S EXPERIENCE WITH THE SHARED MANAGEMENT ARRANGEMENTS BRIEF

Shared Learning Opportunities

Provision had been made to provide training for shared managers to enable them to adapt to a shared management role, which required them to adapt to each Council's different political culture e.g. EHDC had a policy of keeping the services in house and HBC leaned towards outsourcing its services. With regards to the training needs of other staff, this was considered as part of the staff appraisals process. Unison was not aware of training requests being refused unless the requested training did not fit into a member of staff's remit for personal development

Levels of Resilience

The Shared Management Partnership had resulted in the appointment of staff with the right skills for a shared management role

Issues Arising From Shared management Approach

Problems could arise where each Council required the same service to be delivered differently. In the case of the planning service, it was acknowledged that the shared service arrangements were not working and the arrangement was ceased.

The partnership had led to a migration (in some cases) of staff moving from HBC (Plaza) to EHDC. This trend had enabled the HBC to increase its income from letting office space to HCC and other organisations wishing to work at the Plaza

There was evidence that some staff were travelling from one office to another on the same day

Impact on Day to Day Work

The last few service reviews had not led to any redundancies: one review (Housing) had led to an increase in staff. A majority of staff posts that had been lost were through natural wastage or retirement;

The location of staff depended upon the type of service provided and where the service could be best delivered e.g. Environmental Health were situated in both EHDC and HBC.

Impact on the Independence of Geographical Areas

Unison was not aware of the loss of Independence of geographical areas

Impact On Service

Unison had no knowledge of complaints from the public that the services provided by the Council had been disrupted by shared management arrangement

Problems Experienced With Managers Working From EHDC Offices

There could be an accessibility problem where the service was provided by one officer

Although, staff at HBC could not always see their shared manager at the Plaza because he or she was working from Penns Place, Unison had not received complaints from their members that this had had a detrimental impact on services or staff

Impact on Staff

Unison was concerned that the latest management review, which removed a management tier, had increased the burden on staff below the top tiers of management. However, it was acknowledged that the Council had a good record of providing support and extra resources (where possible) to staff

Benefits/Disbenefits From Joint Common Terms and Conditions

Negotiations on the terms and conditions review had been completed. In some areas Phase 2 had resulted with HBC staff being worse off e.g. redundancy payments but Unison were happy that certain protections were in place

Loss of Staff With Key Knowledge

Some staff with key knowledge and experience had left the Council but Unison was not aware that this adversely affected the Council's performance.

Source Meeting with Neill Payne, Unison Branch Secretary on 20 October 2016

Review of Shared Management Arrangements with East Hampshire District Council

SHARED MANAGER / NON-SHARED MANAGER RESPONSE TO SHARED MANAGEMENT ARRANGEMENTS BRIEF

Panel Meeting with Tracey Wood, Head of Housing (shared service) and Andrew Biltcliffe, Head of Planning (previously shared service, reverted to separate)

Manager's Experience of the Shared Management Arrangement

It was the view of the managers present that the Partnership had led to more opportunities to refine and improve services. For example, the Housing service had used the integration process to refine job descriptions for each role to ensure staff could cover the generic areas required, leading to greater resilience.

Planning was a shared service for a short time, but it was decided to revert back to separate services due to the contrasting requirements at each Council, the differing political situations and restructures in senior Planning staff.

However, the experience of Planning being a shared service had been beneficial to the Council. For example, staff drew upon experiences preparing the East Hampshire Local Plan during the preparation of the Havant Local Plan.

It was the view of the managers present that the Partnership had resulted in a number of tangible benefits. For example, the Head of Housing had been actively involved in the recruitment process for roles outside of the service but that directly impacted upon Housing. Another example is the consistent approach to a service with the manager shared across both Councils.

The Partnership had promoted strong working relationships within the shared management team and the shared directorates.

Levels of Resilience and Flexibility

The Partnership led to greater resilience as shared teams allowed for expertise and resource to be shared across the Council sites.

Arrangements within the Partnership allowed for the staff at each Council to respond to issues differently. For example, the main area of concern for Housing staff at Havant is on homelessness, while Housing staff at East Hants have more mental health issues to deal with. The Partnership had not impacted on the team's ability to react to issues related to the individual Council alone.

Flexible working had allowed managers to work from anywhere and there were now no issues in working at either Council site.

Issues Arising From Shared Management Approach

The process of integrating the shared services had taken time and there were initial issues experienced (e.g. misunderstandings over where managers were based and concerns over regular travelling between sites). These have however been resolved with improved diary management and clear guidance to staff and members.

Despite initial minor problems, the Partnership was viewed to be a benefit rather than a disruption.

There were concerns over the integration of terms and conditions, but staff had recognised that there were benefits to the approach. All new staff joining either Council would now automatically have the new shared terms and conditions.

Impact on Day to Day Work

The Partnership and subsequent management team restructures had led to certain staff undertaking increased responsibilities and supervisory roles. This had been received positively by staff members within Housing and Planning services.

The Partnership had led to a higher staff turnover and in some cases, the loss of key staff. The managers present viewed that this was unavoidable in the current employment market and had led to long-term benefits, with more experienced staff recruited and the shared authority becoming a more attractive proposition for potential employees.

Shared Information Between Councils

Quarterly health-check information was published and shared between the Councils.

Managers held regular team meetings and briefings with staff, while Team Talk was circulated fortnightly to ensure all staff were kept up-to-date on key matters across both Councils.

Source meeting: Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel meeting on 3 November 2016.

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Review of Shared Management Arrangements with East Hampshire District Council

SENIOR MANAGER RESPONSE BRIEF

Panel Meeting with Tom Horwood, Strategy and Governance Director

The Partnership

The Partnership was the key example of the Council moving towards a more modern and business-like way of working.

Levels of Resilience and Flexibility

The Partnership had a greater resilience giving both Councils greater flexibility in allocating resources. The alternative would require the Council to second staff using powers set out in the Local Government Act 1972, which could be a lengthy process;

Examples:

- the local plan teams had benefited from the new arrangements enabling better planning and the allocation of staff to areas of need; and
- the Health and Safety Officers for each Councils deputised for each other for leave and sickness cover.

The shared arrangements had reduced the problems associated with having too many managers. Although Havant had a small headcount it achieved a large delivery.

The Council was preparing a joint response with East Hampshire to a request from an All Party Parliamentary Group for District Councils on their experiences of collaborative working. The Council was in a unique position to provide experience on this and would give the Council a greater visibility at Whitehall.

Although at times it appeared that more resources were being allocated to one Council than the other, in the long term the resources and costs were allocated evenly across both Councils and the arrangement allowed for greater flexibility in allocating the management team resources where needed. This process was not costly as it was factored into regular business planning.

The A3 motorway had developed into a crucial infrastructure link between the two Councils and also validated the logic behind the Partnership as a key connection between the residents of both districts.

Performance

- There had not been a dip in performance by either Council
- Although it was difficult to quantify the success of the share management arrangements, they could be considered innovative and had led to the Norse JVC.

Training and Support

- a training programme to support the shared management arrangements was in place

- additional support was given to managers new to local government

Differences Between Councils

Although the two Councils had different political structures and cultures they complemented each other.

There had been a high turnover of staff which, although familiar to Havant, was unusual for East Hampshire.

Planning was initially a joint service. However, it was decided to revert back to separate services due to the contrasting requirements of each Council e.g. East Hampshire's Local Plan was affected by the South Downs National Park. This matter would however be reviewed again in future years.

Changes in the political leadership at East Hampshire had impacted on the Partnership, with a full integration of the services being called to a halt. Political leadership of East Hampshire was now more stable and good communication had been established between the two leaders, especially in relation to the devolution proposals.

Risks

The risk of a reduction of managers having an adverse impact on the participating Councils had been reduced by an increase in delegation to staff and a greater use of technology e.g. conference calling to minimise travelling between the two Council sites.

There was a continuing risk that the Council could lose its senior managers to Councils with more traditional management structures. Support and training had been introduced to minimise this risk.

Managers and staff had worked to make the Partnership work and ensure that the risks identified as part of the original business cases had not been realised. There was in fact a sense of staff embracing the changes and seeing the new arrangements as an opportunity to improve.

Source meeting: Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel meeting on 9 December 2016.

Key Findings

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Original Business Case Documents

(Review of Shared Management Arrangements
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SHARED CHIEF EXECUTIVE PROPOSAL

Report by Chief Executive

Resources Portfolio: Councillor Briggs

Key Decision: Not Applicable

1.0 PURPOSE OF REPORT

- 1.1 To provide an outline business case of proposals for the sharing of the Chief Executive role with East Hampshire District Council.
- 1.2 To provide the Board with background material on current examples across the country.

2.0 RECOMMENDATION

That the Board:

Considers the content of the Business Case for Havant and East Hampshire shared Chief Executive as attached at Appendix A and draws on this to inform its scrutiny of the proposal with a view to making a recommendation to the Cabinet.

3.0 SUMMARY

- 3.1 The future models for service delivery in local government are a topic of consideration at a national level and across political parties. Whilst all public sector services are under pressure to be more innovative in their models of provision, it is recognised that district councils are particularly vulnerable to the changing environment.
- 3.2 In response to this context the Council has set a clear direction of travel for the future and this is outlined in the Corporate Strategy 2008-11. The Council is also clear about the values that underpin its work. Firstly, that the customer and their diverse requirements sit at the very heart of everything the council does. Secondly, that quality should be delivered at an affordable price and in achieving this quality the organisation should be innovative in its approach to service delivery and seek to learn from others. Thirdly, that partnership working is the most effective way to deliver real outcomes to our customers.
- 3.3 The Council's strategic focus recognises that partnerships will sustain the Council into the future; it sees that alliances and partnerships across a number of

organisations give the Council strength and resilience to face the challenges of budget pressures and new customer demands.

- 3.4 Havant Borough Council has pursued and secured efficiencies and service improvement over the last few years through service and value for money reviews and business transformation, however, it is felt that alternative ways to deliver further efficiencies and value for money are now required in order to make the projected £1.6m savings that will be needed over the next 3 years.
- 3.5 An opportunity has arisen to consider the sharing of the Chief Executive role at Havant Borough Council with another district in Hampshire, East Hampshire District Council. This business case at Appendix A considers the benefits and challenges of taking forward such an arrangement and looks beyond this to the possibilities of shared management and shared services.

4.0 FURTHER INFORMATION

- 4.1 The Business Case at Appendix A provides references to further information available on this subject.

5.0 IMPLICATIONS

Financial

- 5.1 Financial information is available within the Business Case. Further detailed analysis will be required should the council proceed with the proposal. Initial figures illustrate that moving forward with a Shared Chief Executive role will ensure around £59,000 per annum savings for the Council. Other examples across the Country are indicating that moving beyond this kind of arrangement to full management integration and/or shared services provides substantially more savings per annum.

Legal

- 5.2 There are a number of legal matters that need to be considered and an outline of these is provided in the Business Case. s.113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of the other authority.

Strategy (Community and Corporate)

- 5.3 As illustrated in 3.0 above, the proposal complements the direction of travel set out in the Council's Corporate Strategy which in turn is based on the work undertaken with the Local Strategic Partners in the Community Strategy. The Council's Corporate Strategy sets an expectation that the partnerships will continue to be developed with public, voluntary and private sector organisations whose values and objectives match the Council's .

Equalities/Customers

- 5.4 The proposal corresponds with the needs and wants of customers, in particular the desire for high quality and value for money services. The savings that could be achieved with moving forwards in shared management arrangements will help to ensure that front line services are protected. If the Council proceeds with the proposal, all matters relating to the equalities legislation will need to be taken into account at each stage of implementation. In particular, all personnel matters will need to be managed in the context of legislative requirements for equality and fairness.

Risk

- 5.5 A Risk Register is attached at Appendix 4

Communications/Public Relations

- 5.6 A full Communications plan will be required if the Council should decide to proceed with the proposal. This will need to include internal and external stakeholders and should be developed in partnership with East Hampshire District Council.

Appendices: East Hampshire & Havant Shared Chief Executive Business Case

Background papers: See Appendix

Agreed and Signed off by:

Solicitor to the Council: 17.08.09

Head of Resources: 17.08.09

Corporate Development Manager (HR Specialist): 17.08.09

Contact Officer: Contact Officer – Chief Executive
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East Hampshire and Havant Shared Chief Executive Business Case

Author	Sandy Hopkins	
Strategic Owner	Councillor Tony Briggs	
Version	4.0	
	August 2009	
Distribution	Cabinet	
References & Related Documents	<p><i>Shared Chief Executives, the lessons</i> Stephen Fletcher, Regional Associate, IDeA (October 2008)</p> <p><i>Advice on Governance and Employment Law in Relation to Shared Services</i> (Eversheds, February 2007)</p> <p><i>Advice on Staffing Issues in Relation to Shared Services</i> (Eversheds, April 2007)</p>	<p>Owner http://www.idea.gov.uk/idk/aio/8890180</p> <p>South East Centre of Excellence</p> <p>North West Centre of Excellence</p>

1. INTRODUCTION & BACKGROUND

1.1. Corporate Strategy context

The Council's Corporate Strategy (2008-2011) projects a vision of a 'Cleaner, Safer and More Prosperous' borough. Within this vision are two key principles:

- The provision of high quality, affordable and accessible public services to customers
- The stewardship of the borough for future generations in terms of the physical environment and for the people and communities

The Council is clear about the values that underpin its work. Firstly that the customer and their diverse requirements sit at the very heart of everything the council does. Secondly that quality should be delivered at an affordable price and in achieving this quality the organisation should be innovative in its approach to service delivery and seek to learn from others. Thirdly that partnership working is the most effective way to deliver real outcomes to our customers. As well as improved internal team working, partnerships will continue to be developed with public, voluntary and private sector organisations whose values and objectives match the Council's.

It is clear that the future will see increasing complexity of partnership working arrangements, both in terms of working with key partners at a county and sub regional level and with service partners and suppliers locally. The Council's strategic focus recognises that partnerships will sustain the Council into the future; it sees that alliances and partnerships across a number of organisations give the Council strength and resilience to face the challenges of budget pressures and new customer demands.

1.2. Financial Challenges

Local Government continues to face significant challenges in terms of budget constraints, the drive to do more with less and rising customer expectations. To date, Havant Borough Council has pursued and secured efficiencies and service improvement through service and value for money reviews and business transformation, however, it is felt that alternative ways to deliver further efficiencies and value for money are now required.

On 22 April 2009 the national Budget revealed that local government's 3% CSR07 efficiency target has been increased from £4.9bn to £5.5bn, with councils expected to find 4% efficiency savings in 2010-11. Beyond 2011, the government will seek an additional £9bn per annum efficiency savings across the public sector by 2013-14. It is not yet clear what local authorities' share of these savings will be but reduced government grant can be anticipated.

By working in partnership across local authorities and with the private sector, local government services can be sustained and improved in a more cost effective manner through opportunities for economies of scale, upfront and

shared investment, skills and experience and driving new innovations to respond to customer's changing needs.

In addition to the need to remain customer focussed and find ways to do more with less, the Council wishes to bring jobs to the Borough wherever possible, particularly given the current economic climate.

Councillors have expressed that it is the current administration's aspiration to work towards a zero increase in Council Tax in the future. The Council's 3 year Medium Term Financial Strategy (agreed in June 2008) will be revised to take into account the economic downturn during this financial year. Nevertheless, for indicative purposes the financial projection in March 2009 indicated that with a 3% Council Tax increase in 2010/2011 (compared with 3.9% this year) and 0% thereafter new recurring savings of £150,000 in 2010/2011, £880,000 in 2011/2012 and £612,000 in 2012/2013 would be required. In the light of latest information on likely government grant, public sector funding, and potential further reduction of income as a result of the recession it can be anticipated that these figures will increase. The savings required will therefore be significant in terms of the Council's overall budget of £18.054 million.

1.3. National drivers

The future models for service delivery in local government are a topic of consideration at a national level and across political parties. Whilst all public sector services are under pressure to be more innovative in their models of provision, it is recognised that district councils are particularly vulnerable to the changing environment around demographics, economic pressures and funding gaps. As the key provider of front-line services a district council must consider the most creative ways to continue in delivering its waste, housing, environmental health, customer and planning services amongst others. This is particularly essential given the increasing and significant pressures on counties and unitaries with their social care and educational services¹.

The implementation of new unitary authorities in Britain over the last 18 months along with programmes of work such as *pathfinder two-tier* and the '*Total Place*'² project indicates the Government's direction of travel. The messages are clear that local government must reorganise itself to be more efficient or be reorganised.

¹ It is estimated that local government contributes 39%, or more than £5.3bn to total adult care spend of over £13bn. In some areas councils fund more than 80% of their adult care expenditure through Council Tax.

² 13 pilot areas exploring a new approach to public services which includes a 'counting' process that will map money flowing through the place (from central and local bodies) and make links between services, to identify where public money can be spent more effectively. This forms part of Sir Michael Bichard's work on the Operational Efficiency Programme looking at the scope for efficiency savings in the public sector. This is to be considered alongside the 'culture' process (that looks at 'the way we do things round here') and how that helps or hinders what is trying to be achieved.

The recent Government White Paper - “*Strong and Prosperous Communities*” reinforces this message in the following terms:

“Councils in all areas that are currently two-tier need to find new governance arrangements which overcome the risks of confusion, duplication and inefficiency between tiers and can meet the particular challenges faced by small districts with small budgets or tightly constrained boundaries. It will also be important for councils to develop new models of working, which should also involve collaboration between councils and other public bodies, if they are to achieve ambitious further efficiency improvements...”

The Conservative Party has also given similar messages in their Green Paper on Local Government and in more recent speeches such as David Cameron’s address at the Local Government Association Annual Conference in July. Some believe that the unitary structures bring about the risk of a democratic deficit as there are fewer councillors in relation to the electorate.

The optimum solution is seen to achieve the organisational efficiencies without the democratic deficit.

2. BUSINESS NEED

2.1. The proposal and drivers

Within this context, an opportunity has arisen to consider the sharing of the Chief Executive role at Havant Borough Council with another district in Hampshire, East Hampshire District Council. This business case considers the benefits and challenges of taking forward such an arrangement.

This agreement would involve a 50:50 arrangement with another district in the corporate management of the council’s paid service and will include all key aspects of the role of Head of Paid Service.

The key organisational drivers for exploring such a partnership arrangement include:

1. Cost savings in overheads of a shared Chief Executive role of approximately £59,000 towards the council’s Medium Term Financial Strategy
2. Seeking efficiency in service delivery through shared functions
3. Improved innovation and creativity through sharing of skills
4. Improved capacity to deliver services
5. Improved sustainability as a district council
6. Resilience and attractiveness in two-tier and commercial markets as a provider and customer
7. Meet the Political objective of smaller and more efficient Government

2.2. Current Practice

There are a number of examples emerging across the country of shared chief executive models along with shared management teams. The Improvement and Development Agency (IDeA) produced a guide in October 2008 that recorded four permanent examples and a further five interim examples of this practice³. The following observations have been drawn from the IDeA report:

- All four have been successful and remain in place.
- At Worthing BC and Adur DC, the two authorities are working towards a fully integrated officer structure. This work includes a service by service business case approach.
- At Staffordshire Moorlands DC and High Peak BC a strategic alliance between the two authorities is being pursued.
- At West Devon BC and South Hams DC a number of shared service arrangements have now been implemented. More interestingly, these two are working towards a wider agenda with Teignbridge DC under a new "South Devon and Dartmoor" banner.
- Suffolk Coastal DC and Waveney DC share a chief executive and both authorities are now engaged in the process of a local government reorganisation including sharing services.

The IDeA report records:

"Not all of the shared arrangements made so far have lasted - not all were intended to. But those that have are starting to deliver real changes and benefits".

More recent examples of shared chief executives include Cotswold District Council and West Oxfordshire District Council and Vale of White Horse District Council and South Oxfordshire District Council. The former example includes straddling two counties and two regions.

³ **UK shared Chief Executive's updated information August 2009** : Simon Baker - Staffordshire Moorlands & High Peak; David Incoll - West Devon and South Hams; Ian Lowrie - Worthing and Adur; Peter Simpson - Richmondshire and Hambleton; Stephen Baker - Suffolk Coastal Council - Waveney; David Buckle - South Oxon and Vale of Whitehorse; David Nuedegg - west Oxon and Cotswold; Kevin Dicks - Bromsgrove and Redditch; Joanna Killian - Essex and Brentwood

3. ORGANISATIONAL OVERVIEWS

3.1. Political Vision

As district councils, the Leader's and Councillors of both organisations have established similar key priorities to meet the key challenges facing them.

These priorities include:

- high quality service delivery
- customer focus
- community leadership
- efficiency savings

The political leadership of both organisations have an aspiration to ensure the protection and sensitive development of the local environment, undertaking to create safer and more vibrant communities and concentration of service delivery on the people who live and work in these communities.

The leadership has also provided a strong focus on the need to be innovative and creative in the organisation's approach to service delivery. This last goal is a particularly significant congruence between the two organisations and much more explicit in the political vision when comparing with other districts around the country.

3.2. Size, Geography, Communities

The social, economic and geographic areas of the two organisations are very different. A comparison of the two districts is laid out in table 1 below:

East Hampshire District Council	Havant Borough Council
County – Hampshire	County – Hampshire
South East region	South east region
Population – 111,000	Population – 116,900
East Hampshire District Council	Havant Borough Council
Area – 514 sq kms	Area – 55 sq kms
Density – 215 people per sq km	Density – 2090 people per sq km
Main settlements – Alton, Grayshott, Horndean, Liphook, Liss, Petersfield, Selbourne, Whitehill & Bordon	Main settlements – Emsworth, Havant, Waterlooville, Leigh Park, Hayling Island
Indices of Multiple Deprivation – 332 /354	Indices of Multiple Deprivation – 126 /354

Table 1.

3.3. Organisation & Structure comparisons

Both are Conservative run administrations with a Council Leader and Cabinet system and a Chief Executive role. A comparison is outlined below in table 2 below. This includes an initial analysis of the delivery of some service areas.

East Hampshire District Council	Havant Borough Council
Political control – Conservative	Political control – Conservative
Number of ward members – 44	Number of ward members – 38
Election cycle – 4 yearly	Election cycle – thirds
Number of staff – 321 fte	Number of staff – 416 fte (463 individuals)
Executive/Cabinet system	Executive/Cabinet system
CPA – Good	CPA – Good
Use of Resources - 3	Use of Resources – 3
Revenue Budget – net £14m	Revenue Budget – net £18 m
Council Tax requirement - £6m	Council Tax requirement - £7.9m
Average Council Tax (Band D) excluding parishes - £1,402.03 including HCC, Fire & Police (£127.67 for EHDC Services)	Average Council Tax (Band D) excluding parishes - £1,413.36 including HCC, Fire & Police (£192.78 for HBC Services i.e. £3.71 pw)
East Hampshire District Council	Havant Borough Council
Average Council Tax (Band D) including parishes - £53.78 for average additional payment	Average Council Tax (Band D) including parishes – N/A
No: dwellings for valuation: 47,969	No: dwellings for valuation: 52,031
<p>Council priorities:</p> <p>Vision: To be the most innovative and creative local authority in Britain</p> <p>Key Strategic Themes:</p> <ol style="list-style-type: none"> 1. Intensify our protection of the built and natural environment 2. Safer and more vibrant communities 	<p>Council priorities:</p> <p>Vision: Cleaner, Safer, More Prosperous</p> <p>Key Principles:</p> <ol style="list-style-type: none"> 1. Stewardship of borough for future generations 2. Excellent public sector services

<p>3. Improve our focus on special community groups</p> <p>Priorities:</p> <ol style="list-style-type: none"> 1. Use planning more effectively 2. Caring for natural environment 3. Strengthen sense of community safety 4. Improve focus on customer 5. Develop better facilities in towns and villages 6. Provide more affordable homes 7. Help children and young people improve quality of life 8. Reduce poverty through improved social justice 	<p>Priorities:</p> <ol style="list-style-type: none"> 1. Public Service Village (PSV) 2. Partnership Working 3. Regeneration of borough 4. Value for Money Service Delivery 5. Organisational Development through innovation and learning <p>Values:</p> <ol style="list-style-type: none"> 1. Customer 2. Quality 3. Partnership
East Hampshire District Council Services	Havant Borough Council Services
Housing stock – LSVT (Drum Housing)	Housing stock – LSVT (Guinness Hermitage Housing)
Leisure – DC Leisure	Leisure – Charitable Trust (Horizon)
Refuse –private sector (Veolia)	Refuse – in-house
Street scene & grounds maintenance – private sector (English Landscapes)	Street scene & grounds maintenance – in house
Revenues & Benefits – in-house	Revenues & Benefits - Capita
Audit – Deloittes	Audit – in-house partnership WCC
HR & Payroll – in-house (Payroll partnership HBC)	HR & Payroll – in-house
IT – in-house	IT – Private sector (Steria)

Table 2

There are a number of different approaches adopted within each of the councils in delivering comparable services to the public. This provides opportunities for joint learning and exploring different approaches to the procurement of services.

The current management structures are attached at *Appendix 1*. East Hampshire District Council has an additional number of positions at the senior management level e.g. Deputy Chief Executive and four additional Managers/Heads of Service who report to the Directors/Assistant Chief Executive.

4. OPTIONS FOR MOVING FORWARDS

Both councils have developed improvement programmes over the last few years and have a proven track record of delivering efficiency savings and performance improvements as well as income generation initiatives. It is recognised by both Councils that the external environment will require a new approach to change management to help deliver organisations that are fit for purpose into the future.

A shared Chief Executive role is unlikely to be a sufficient response to the extent of the pressures surrounding district level service delivery. The opportunity for shared management of services and joint service delivery options will need to follow this initial business case. Experience from other examples around the country indicate that significant efficiency and capacity gains have only been achieved where an integrated management arrangement has been put in place either on a service by service basis or at a corporate management level.

It is also acknowledged that such options will not provide all of the answers but will offer one stream of the much broader approach needed to meet the financial and capacity challenges facing district councils in the future.

The summary in table 3 below represents the range of options for senior level management provision currently available within district councils.

Option Description	Advantages	Disadvantages
1. Separate Chief Executives and Officers	<ul style="list-style-type: none"> • More time available to focus in single council • Attention on each council's challenges and issues 	<ul style="list-style-type: none"> • Small loss of budget savings £59K p.a. estimated • Loss of opportunity in potential future savings • Other service cuts/changes will be required • Loss of opportunity of additional capacity and skills • Reputation of not moving with the times

Option Description	Advantages	Disadvantages
2. Shared Chief Executive Only	<ul style="list-style-type: none"> • £59k p.a. estimated savings • Some limited transfer of knowledge and skills • Some increased flexibility 	<ul style="list-style-type: none"> • Chief Executive spread too thin • Minor possibility of potential conflicts across different organisations • Crises in one LA may lead to unequal support for each Council • Single point of failure in 2 councils • Loss of future savings through management integration • Other service cuts/changes will be required • Loss of opportunity of capacity and skills
3. Shared Chief Executive and selected shared services	<ul style="list-style-type: none"> • £59k p.a. estimated plus revenue saving on selected shared services • Good shared learning • Good levels of resilience • Increased Flexibility • Further savings available should opportunities arise 	<ul style="list-style-type: none"> • Time needed for service management structures to come together in services • Potential redundancy costs • More difficult to go back after decision is taken • Possible conflicts between two differing management teams • Impetus to drive change for the benefit of service delivery and savings not supported by two management structures.

Option Description	Advantages	Disadvantages
4. Fully Integrated Corporate Management & shared services with Service Head Structure	<ul style="list-style-type: none"> • £600k - £1m p.a. estimated saving⁴ • Good shared learning • Good levels of resilience • Increased Flexibility • Ability to ensure cultural change • Increased likely customer satisfaction • Synergies of processes, systems and technology • Procurement power increased • Opportunities for commercial gains • Potential for accommodation rationalisation 	<ul style="list-style-type: none"> • Limited experience of joint working • Time needed for structures to come together • Time needed to build relationships • Potentially disruptive to organisation • Possible significant redundancy costs • Difficult to go back after decision is taken • Possible loss of independence

Table 3

Option3 and 4 are likely to offer the greatest opportunity in the current context to deliver on the drivers for change. However, option 4 provides an opportunity for substantial savings from a reduced number of senior management posts. These savings will help both Councils address projected budget deficits identified in their current Medium Term Financial plans. Savings made to management overheads are essential in order to avoid cuts in services or increases in charges including Council Tax.

A shared Chief Executive role alone will provide a small degree of savings for both organisations and a financial model is given by way of illustration at *Appendix 2*. This shows how the £59,000 figure in table 3 has been reached. However, beyond the obvious overhead savings that can be made through a single structure there are also likely to be constraints with having two management teams and one shared Chief Executive across both Councils and some of these are listed in table 3. It is recommended that further work should be undertaken to explore the business case for moving towards a fully integrated management structure and/or shared services in the future.

⁴ This range of savings is based on evidence provided by Adur & Worthing and Vale of White Horse and South Oxfordshire and Cotswold and West Oxfordshire. The lower figure is a reported saving in year 1 at Adur and Worthing.

Between the two authorities there are currently 5 Directors (including a Deputy Chief Executive at East Hampshire District Council) and 16 Heads of Service/Senior Managers reporting to the Directors. *Appendix 3* provides the current costs for running both of these management teams (excluding the Chief Executive role).

5. RISK ASSESSMENT

There are a number of risks associated with the proposal to move to a Shared Chief Executive role and a full risk register has been compiled and is at *Appendix 4*. This register shows 12 risks that are in the highest quadrant of likelihood and with the greatest levels of impact on the organisation. Mitigating action has been indicated and both Councils will need to agree these measures in order to minimise the risks. The register is based on moving to a full integration of the management structures with shared services across both councils.

Evidence from other councils entering into similar arrangements suggests that typically issues arise covering the following broad subject areas:

- Change
- Capacity
- Culture
- Equity

Any integration of services across two organisations should not be underestimated in terms of the potential impact it could have on the organisation. This Council has already set an ambitious programme of change through the delivery of a Public Service Village and an increase in services to be delivered through the Partnership Programme as well as ambitions to deliver improvements in services through the Business Transformation Programme, Value for Money Reviews and other Organisational Development programmes including developing our staff. The Council also has an ambitious programme of Regeneration work including the delivery of major developments including town centre improvements and responding to the recession.

Moving to a shared Chief Executive and subsequent Management Team at the current time is likely to create some loss of focus on these other priorities whilst the new arrangements are worked through. The potential for change will impact upon many staff within those units affected which could result in lower morale and motivation.

This Council has a strong track record in supporting staff through organisational change and has historically been able to manage staff reductions with minimal use of forced redundancies. Both councils will need to consider holding a number of key posts vacant reducing the likelihood of redundancies.

In considering the concept of further shared officers across the two councils it is generally recognised that there are some genuine efficiencies where duplication of knowledge and tasks is reduced. However, it should also be recognised that sharing posts is not a “100% saving” and that there is some reduction in capacity as a result. Broadly, it is estimated that 35% of any redundant post resulting from a shared arrangement should be set aside to cover enhanced remuneration costs and any backfilling/capacity costs⁵.

Whilst both councils have similar aspirations in terms of the delivery of services to the public, there are some significant organisational cultural differences. Each council has its own history which has shaped its values and beliefs. These differences should not be underestimated when considering joining up services. Sensitivity about the pace of change and the availability of one-off resources to support integration and development of teams will be required.

There are a wide range of potential perceived fairness and equality issues resulting from closer joint working. At the strategic level this process could be divisive as some staff perceive that senior staff working within both authorities are occupying the inside track whereas others feel left out and treated differently or not valued as a result. At a specific level officers undertaking broadly similar jobs in different councils may have differing pay, benefits and terms and conditions. Managing and resolving the HR issues will be key to the successful implementation of this project.

6. IMPLEMENTATION

6.1. Programme and timetable

The risk assessment indicates the need to give this proposal and subsequent work on management and service integration very careful consideration particularly in terms of implementation. If there is an agreement in principle by this Council to move towards a shared Chief Executive then the detailed consideration of the next stage of work to integrate management or share services should be taken forwards with the development of an implementation programme and timetable. This work should be discussed at a future joint meeting of the Cabinets and brought forwards to each Council for approval.

Based on existing practice across the Country, there are different models, for example, Adur and Worthing have taken a period of three years to progress to a fully integrated management structure with detailed business cases on each shared service as they move to a full partnership. Vale of White Horse and South Oxfordshire proceeded with a shared management team from the start of the partnership but have not mapped out any clear strategy on shared services. Cotswold and West Oxfordshire have moved to a shared Chief

⁵ This figure is based on benchmarking work undertaken with Adur & Worthing Council, Vale of White Horse and South Oxfordshire and Cotswold and West Oxfordshire councils who have all undergone work to integrate management structures or services.

Executive with shared services only and no current evidence of a plan for a shared Management Team.

6.2. Key Issues

Key issues that will need agreement beyond moving to a shared Chief Executive are as follows:

- Detailed development of a worked up proposal to move forwards in partnership together. This will need to take into account project streams for assessing the Systems, Technology, Legal, HR, Financial, Political governance, Democratic and Service implications.
- Communication and consultation arrangements with staff and councillors within both councils
- Establishment of a joint project group spanning both organisations to manage the ongoing processes
- Agreement on the political structures to take the work forwards
- Agreement on the timetables to the formal implementation of future structure changes at both Councils
- Process to agree joint Human Resource approaches including beyond the shared Chief Executive role e.g. Job Descriptions/Person Specifications and grading (including possible enhancements)
- Legal agreements covering the sharing of posts.

Appendix 5 illustrates some of the legislative basis for a shared Chief Executive role and moving beyond this arrangement to developing a partnership based on shared services.

6.3. Democratic and General Governance

Each Council would retain independently its full set of statutory and discretionary functions. These proposals must not affect the right or ability of each Council to act independently in setting its budget, determining its policy framework and dealing with significant variations from either of them.

Each Cabinet will retain responsibility for its current responsibilities defined in each Council's Constitution and each Council will retain its overview and scrutiny arrangements as set out in its Constitution. Should the shared Chief Executive role progress to shared management and/or shared working, the two Councils may wish to consider in due course the benefits of new scrutiny arrangements for those functions that they have agreed to deliver jointly.

It is envisaged that each Council would retain its own committees to carry out non-Cabinet functions such as Development Control, Licensing, Standards and Audit & Governance.

Each Council and its Cabinet/Executive would retain control over delivery of each Council's services, including the level of budgetary provision for particular services. An example outline governance structure is shown in table 4.

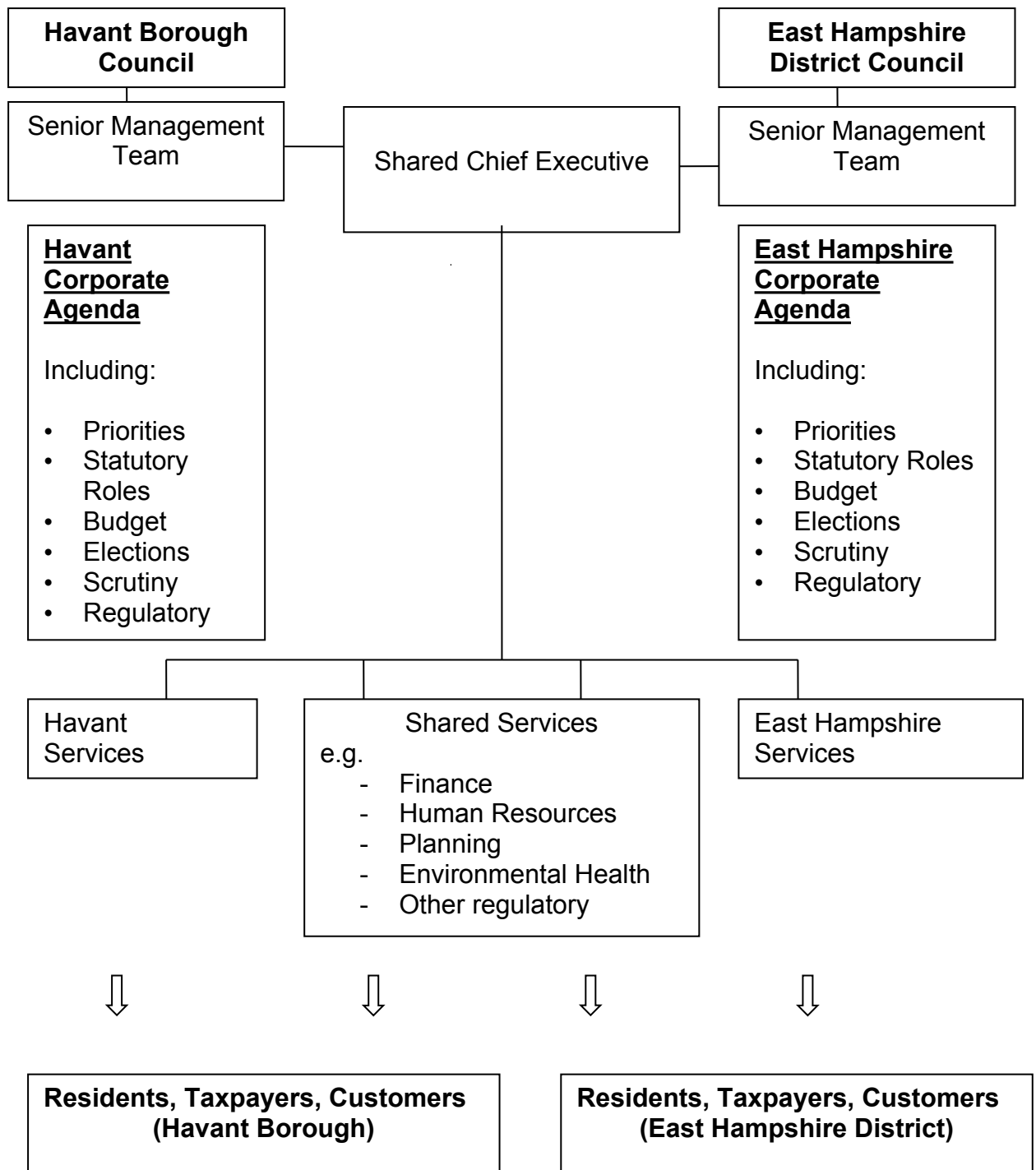


Table 4

6.4. Governance of partnership

Should the partnership progress to shared management and/or services, explicit arrangements will need to be put in place for member management of the process both of setting up and subsequently running the new arrangements.

The suggested way forward in some other authorities is to establish a Joint Senior Management Board to oversee the new senior management arrangements. At the outset, the Joint Senior Management Board would not have any formal powers so sovereignty would remain with the individual Councils, but it would comprise Cabinet members from both Councils so that it could speak and make recommendations with some authority. Under this model both Councils could consider the benefit of it becoming a formal joint committee with decision making powers as the partnership matures. This progressive approach would mirror that of some other models developing currently across the country⁶.

7. Conclusion

7.1. The drivers for change

The opportunity that has arisen is one that should be considered very seriously given the context within which this Council finds itself operating. A number of drivers could be met by progressing with the proposal, these are:

- Cost savings in overheads of a shared Chief Executive role of approximately £59,000 towards the council's Medium Term Financial Strategy
- Seeking efficiency in service delivery through shared functions
- Improved innovation and creativity through sharing of skills
- Improved capacity to deliver services
- Improved sustainability as a district council
- Resilience and attractiveness in two-tier and commercial markets as a provider and customer
- Meet the Political objective of smaller and more efficient Government

7.2. Vision for Shared Management and Services

The sharing of a Chief Executive role will deliver some annual financial savings that could be reinvested in protecting front line services. However, this alone will not deliver the degree of transformational change in partnership working sought through the council's Corporate Strategy 2008-11.

Beyond the Chief Executive role there are opportunities to progress with shared Management and shared service delivery with East Hampshire District Council. This Council is well placed to meet the challenges of taking forward such an initiative.

The vision for managerial leadership at Havant Borough Council is one based on a passion for service sector delivery, a belief in a marketing-orientated approach and in particular a focus on the needs and wants of customers of the public services provided by the different organisations across the borough.

⁶ Vale of White Horse and South Oxfordshire

Managers leading this Council are expected to be visible and accessible, engaging with their clients, staff and partners on a regular basis and listening to their perspectives. This leadership model also requires a cross-cutting and energetic approach to solving challenges that present themselves, no silos but instead a team spirit that uses innovative thinking, constructive criticism and good communications to deliver solutions across any boundaries created by administrative structures. People in the organisation are given the confidence to learn from their mistakes and be willing to take a creative and positive approach to managing difficult and high-risk issues. People are encouraged to work outside of their 'comfort zone'.

A focus on high quality is an essential ingredient to working at Havant Borough Council and managers are expected to lead by example by making use of customer and performance information to predict and interpret the direction their services should take in the future. The vision of management is for seamless public service delivery through effective partnerships with public private and voluntary sector organisations. The role of the Council's managers is to provide leadership across other providers in the area in order to ensure the delivery of high quality, seamless services.

Should this Council proceed with the proposal, this focus of managerial leadership as outlined will provide the basis for an efficient shared management arrangement across both organisations. It is also believed this vision for management will deliver a powerful and significant partnership resulting in effective district level services across both areas. Such an arrangement may also increase the opportunities for further partnership working with other providers of public services including public, private and voluntary sector partners.

An example of shared management arrangements can be seen at Adur and Worthing Councils. The recent implementation of this shared structure is outlined at *Appendix 6*.

7.3. Next steps

If the Council decides to proceed with a shared Chief Executive role a more detailed project plan will need to be developed across both organisations. This will need to begin with agreement between the councils on the shared vision and objectives for the partnership. An example of the kind of objectives that might be considered is given below:

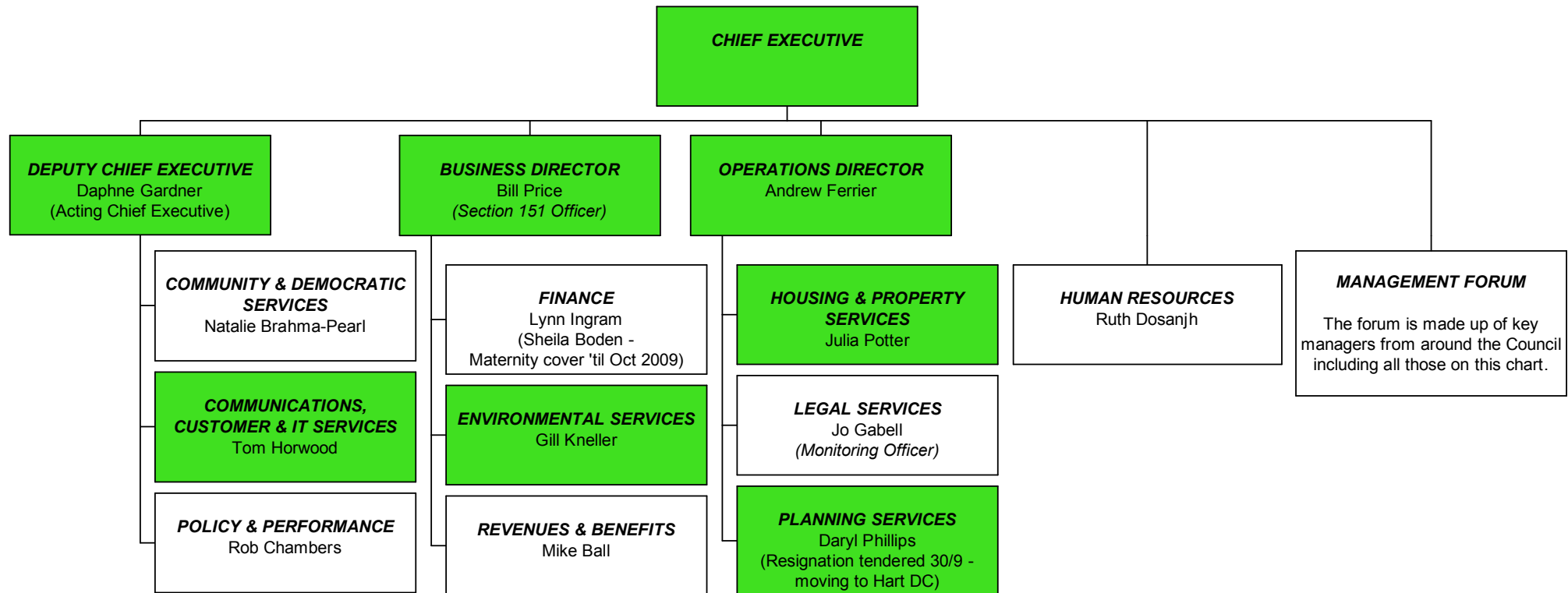
Objectives of the Partnership

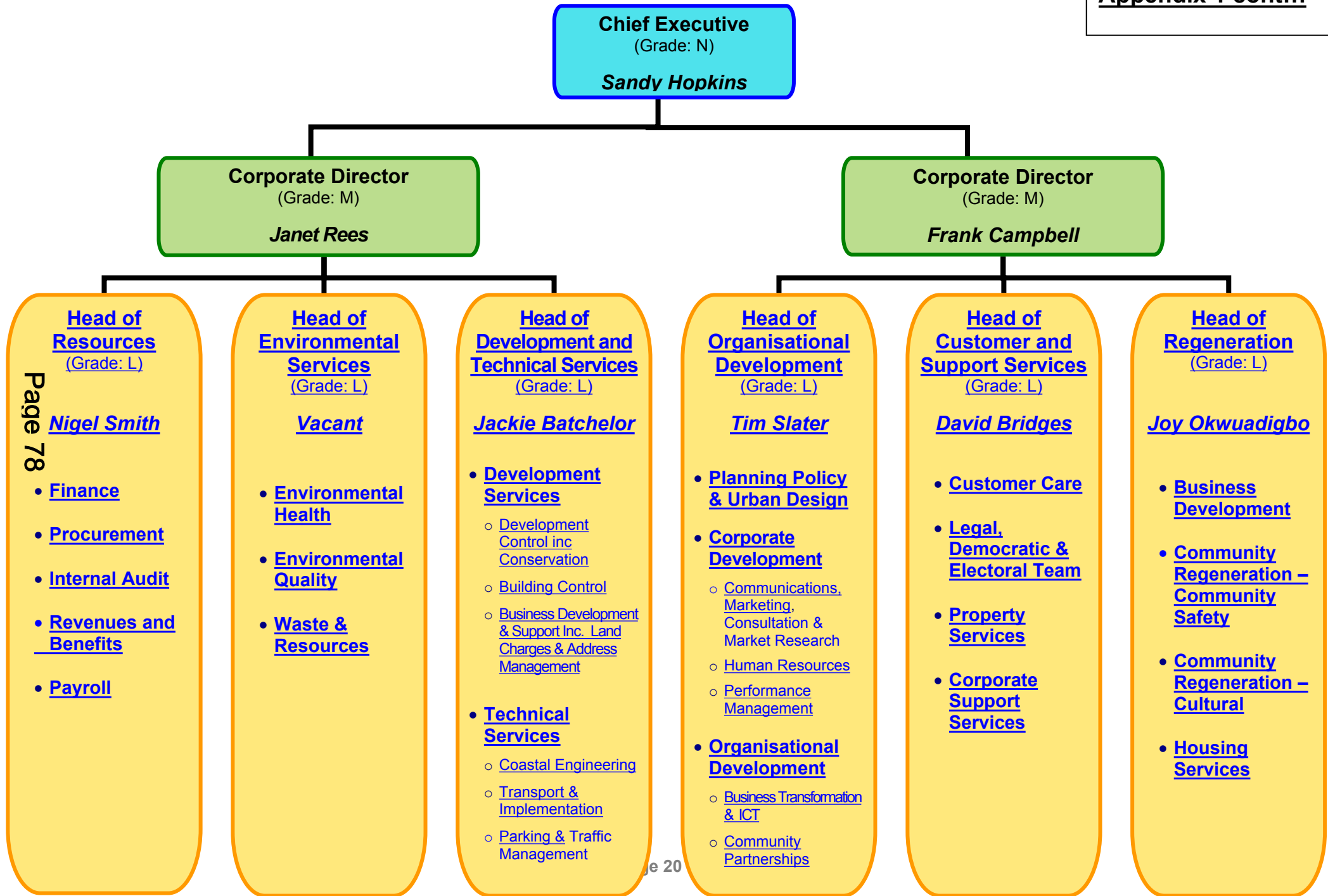
- *Resilient organisations that can meet challenges of global and national pressures as well as local*
- *Organisations that are responsive, flexible and adaptable and sustainable into the future*
- *Delivers financial savings directly and uses innovation to enable further efficiencies*

- *Share existing strengths and to develop best practice across the two Councils*
- *Minimises corporate overheads*
- *Reduces bureaucracy and ensures effective and customer focussed front-line service delivery*
- *Increases service resilience and capacity*
- *Maximises existing key skills and develops skills for the future*
- *Places a high emphasis on change and improvement*
- *Promotes joint working and team action within and across both councils focused on innovation, learning and improvement*
- *Explore opportunities for trading in the medium to longer term*
- *Retain and enhance the separate identity and reputation of both councils*
- *Explore opportunities for further partnership working, in order to secure further savings and efficiencies*
- *Seek opportunities for trading in the medium to longer term*
- *A single Management structure which is “fit for purpose”*

Before taking the next step in this partnership, this Council has to decide whether the risks including the complexities of existing priorities and capacity to deliver them are outweighed by the advantages of the proposal. Moving ahead provides an exciting and challenging opportunity to meet the uncertain and volatile climate in which local government now operates, particularly at a district level of delivery.

Given this Council's clear direction of travel, illustrated in the Corporate Strategy 2008-11, this opportunity is both timely and strategically appropriate in terms of taking forward partnership working and improving the efficient and effective delivery of high quality services to the customer.





Appendix 2

**CHIEF EXECUTIVE SALARY ESTIMATES
2009/10**

	SALARY 2009/2010	ESTIMATE 2009/2010 (incl. pension contributions and NI)	TRAVEL 2009/2010
CHIEF EXECUTIVE Havant	£108,319	£140,327	£300
CHIEF EXECUTIVE East Hampshire	£114,287	£148,171	£60
SALARY ESTIMATES TOTAL	£222,606	£288,498	£360
50% of combined salary	£111,303	£144,249	£180
12.5% increase for new role	£13,913	£18,031	N/A
SALARY ESTIMATES TOTAL SHARED CX ROLE	£125,216	£162,280	£360
HBC 50% contribution of combined costs	£62,608	£81,140	£180
ESTIMATED SAVING TO HBC ON ORIGINAL SALARY COSTS⁷	£45,711	£59,187	£120

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⁷ It is likely that there will be further minor savings of other costs for the shared Chief Executive role i.e. IT support, training, conferences, mobile telephony, professional indemnity insurance.

Appendix 3

COSTS OF MANAGEMENT TEAMS (excluding Chief Executive)

	SALARY 2009/2010	ESTIMATE 2009/2010 (incl. pension contributions and NI)	TRAVEL 2009/2010
<u>HAVANT BOROUGH COUNCIL</u>			
CORPORATE DIRECTORS	£168,001	£216,751	£594
HEADS OF SERVICE	£422,575	£543,240	£932
OTHER GOVERNANCE ROLES e.g. Solicitor to Council/Monitoring Officer, HR Manager	£103,356	£123,283	£108
SUB TOTAL (Management & Governance roles excluding Chief Executive)	£693,392	£883,274	£1,634
<u>EAST HAMPSHIRE DISTRICT COUNCIL</u>			
DEPUTY CHIEF EXECUTIVE	£88,679	£114,523	£160
DIRECTORS	£149,770	£192,794	£980
HEADS OF SERVICE	£377,630	£484,199	£930
OTHER GOVERNANCE ROLES e.g. Solicitor to Council/Monitoring Officer, HR Manager	£120,873	£154,824	£170
SUB TOTAL (Management & Governance roles excluding Chief Executive)	£736,952	£946,340	£2,240
CURRENT TOTAL COSTS BOTH COUNCILS for Management and Governance roles (excluding Chief Executive)	£1,430,344	£1,829,614	£3,874

N.b. There are additional management roles at East Hampshire District Council that report to the Directors. The figures for these roles have not been included to ensure equity in the comparisons between the authorities. However, these roles are shown as part of this 'tier' of management in the structure (see structure chart Appendix 1 pp19)

LEGISLATIVE BASIS FOR SHARED SERVICES

1. APPOINTMENT OF STAFF

General duty to appoint officers

Under Section 112 of the Local Government Act 1972 local authorities have a duty to appoint such officers as they think necessary to enable them to discharge their own functions and any functions which they carry out for another local authority.

Officers appointed under section 112 hold office on such reasonable terms and conditions as are agreed by the employing authority.

Power to share staff

Section 113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of the other authority. Authorities must consult the officers involved before entering into such an agreement

Staffs that are made available under such an arrangement are able to take binding decisions on behalf of the body at whose disposal they are placed, although they remain an employee of their original authority for employment and superannuation purposes.

This legislation therefore allows staff to be shared between the two Councils.

External advertisements

Section 7 of the Local Government and Housing Act 1989 requires that Councils appoint on merit.

The Local Authorities (Standing Orders) Regulations 1993 and 2001 require the Councils to have Standing Orders relating to the appointment of Chief Officers.

2. DESIGNATION OF STATUTORY OFFICERS

Chief Finance Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

Section 113 of the Local Government Finance Act 1988 requires that the Chief Finance Officer shall be a member of one of a list of named professional bodies.

Head of Paid Service

Section 4 of the Local Government and Housing Act 1989 places a duty on each Council to designate one of their officers as the Head of Paid Service and to provide that officer with such staff, accommodation and other resources as are, in his/her opinion, sufficient to allow his/her duties under this section to be performed.

Monitoring Officer

Section 5 of the Local Government and Housing Act 1989 places a duty on each Council to designate one of its officers (to be known as “the Monitoring Officer”) as the officer responsible for performing the duties imposed by that section and to provide that officer with such staff, accommodation and other resources as are, in his/her opinion, sufficient to allow his/her duties under this section to be performed. In essence, the Monitoring Officer has a duty to ensure that the Council, its members and officers act lawfully and ethically. There is no professional qualification specified by legislation for this post.

Electoral Registration Officer

Section 8 of the Representation of the People Act 1983 requires every district Council to appoint an officer of the Council to be Electoral Registration Officer.

Returning Officer

Section 35 of the Representation of the People Act 1983 requires every district council to appoint a returning officer for district and parish council elections.

Power to designate shared senior officers as statutory officers for both authorities

Each authority is under a duty to appoint each of the above statutory officers as part of the shared management structure. The combination of sections 112 and 113 of the Local Government Act 1972 means that both Councils could designate the same officer as a particular statutory officer. Alternatively, they could each choose to appoint a different officer to the statutory roles.

3. JOINT DELIVERY OF SERVICES

No decisions are being taken on how services will be delivered by each Council in this business case. However, should the business case be found satisfactory

and a decision be made to share a Chief Executive role and further consideration be given to moving beyond this to shared management and/or shared services the following powers may be drawn upon. These will be explored in more detail at that stage and it may be necessary for each Council to amend its constitution, and its delegations.

General power to delegate

Section 101 of the Local Government Act 1972 provides that a local authority may (with certain exceptions) arrange for the discharge of any of their functions by any other local authority.

Two or more local authorities may discharge any of their functions jointly and, where arrangements are in force for them to do so they may also arrange for the discharge of those functions by a joint committee of theirs or by an officer of one of them.

Executive arrangements

Both Councils are operating executive arrangements under part II of the Local Government Act 2000.

Regulations enable arrangements to be made for the discharge of executive functions by an area committee, another local authority or an executive of another local authority. There is also provision in the regulations for the discharge of executive functions jointly by two or more authorities, or by a joint committee.



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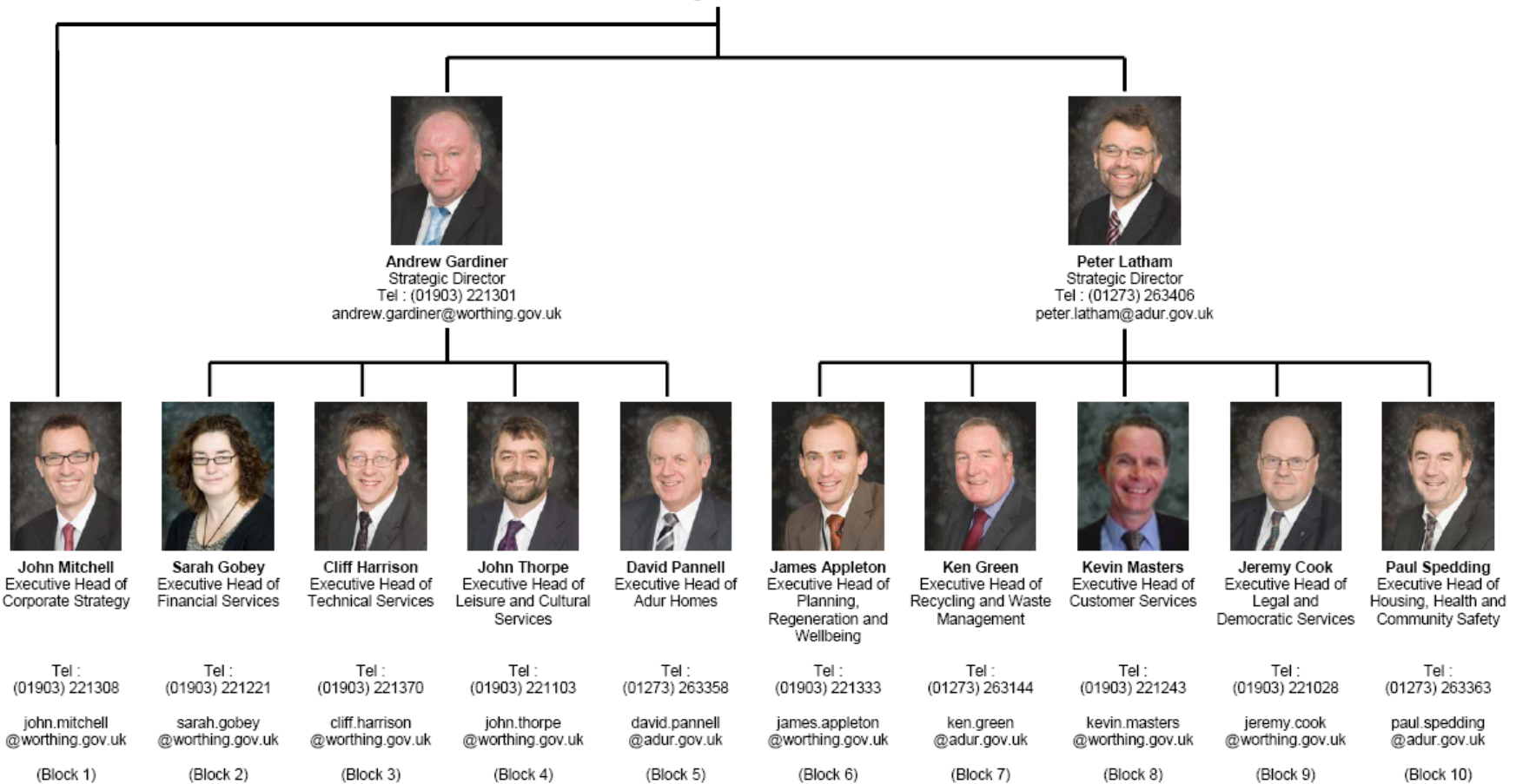
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Last updated : 16-07-2009

Risk ID	Risk Title	Identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
1	Officer Capacity	Carry on the day job AND deliver proposed changes. Already limited resources in some areas with PSV and rest of Partnership Programme of work. Capacity to support two organisations. Capacity at the service manager level. A lack of capacity will dilute the effort on other existing initiatives and potentially have a negative impact on the level of influence/successful change at Havant.	01/08/2009	Organisational/Project	2, 3, 4	CE		5	4	20	NEW	Management of both organisations to meet and develop plans together. Set clear timetable and pace in agreement with both organisations. Resource management/succession planning	Any additional capacity required, estimate Nil	CE
2	Capability to deliver	Havant is moving towards a very complex model for service delivery, drawing on the benefits of private and public sector working. To be successful there may be a need to develop management skills	01/08/2009	Organisational	2, 3	CE	1	4	3	12	NEW	Development of skills/competencies and assessment of training needs. Design/sourcing of training. Delivery of training. Clear communication on requirements and expectations, so managers know what is expected in such roles.	None	EMT
3	Costs to Implement	The costs to implement may outweigh the benefits. High redundancy costs may prove to be prohibitive, and IT/Accommodation costs will need to be considered also.	01/08/2009	Organisational	2, 4	CE		5	3	15	NEW	Both Councils to agree whether investment is an option.	Redundancy costs yet to be evaluated - depends upon speed of integration	CE
4	Securing the benefits	Success will be measured by the level of benefits and financial efficiencies gained. There is a risk that savings won't materialise within service areas, which will have a financial and reputational impact on both organisations.	01/08/2009	Organisational/Project	3, 4	CE	1, 2, 3	4	4	16	NEW	Both Councils to agree priorities on savings to be achieved via shared approach. Joint approach on change management and benefits realisation.	To be assessed in business cases for integration	EMT
5	Maximising the Efficiencies	In order to achieve the greatest amount of efficiency, policies could be harmonised. There is a risk that this may have political implications.	01/08/2009	Organisational	2, 4	CE	4	3	3	9	NEW	Joint approach to defining protocols, ensuring that these also feed into the benefits realisation plan for the implementation.	None	EMT
6	Apportionment of costs between the two councils.	There is no mechanism in place for the costs to be shared transparently and consistency, without this approach the relationship between the organisations will be more difficult to manage. Managed poorly, there is an increased risk also that best value will not be achieved and demonstrated.	01/08/2009	Organisational	3, 4	CE	5	4	4	16	NEW	Identify at a very early stage a mechanism that is open, transparent, legitimate and simple to apply to satisfy Councillors and audit and not be too onerous to apply by staff. Collective decision making to avoid any significant imbalance in one or other's Council Tax increases.	Minimal	CE
7	Conflicting member-led priorities between the two councils	The allocation of resources could be affected by mis-matched member priorities.	01/08/2009	Organisational	2, 3, 4	Leader of the Council	5, 6	4	4	16	NEW	Good understanding of priorities through the Cabinets.	Depends on final arrangements for shared services	Leader of the Council
8	Consequences of not progressing project.	If the project flounders, both organisations will continue to carry the risks and challenges surrounding the need for financial savings and efficiencies, which will affect priorities, service levels/scope of service provision. A poorly controlled process will also impact on customer satisfaction.	01/08/2009	Organisational/Project	1, 2, 3, 4	Leader of the Council	All	4	5	20	NEW	Regular meetings/contact between councillors especially Cabinet. Clear agreement on priorities of objectives at Cabinet and Council levels. "Start with the end in mind" Joint Management Team to drive cultural change and transformation. Communication between two leaders and approach agreed. Communication across both organisations at the start of the partnership. Communication plans internally with councillors. Clearly developed business case for moving forwards. Clearly agreed change programme.	Savings set out in the report will not be achieved	Leader of the Council
9	Member level support	There may not be unanimous support for this agenda, which may impact on the success of the project/change process	01/08/2009	Organisational/Project	1, 2, 3, 4	Leader of the Council	5, 7, 8	5	3	15	NEW	Communication across both organisations at the start of the partnership. Communication plans internally with councillors. Clearly developed business case for moving forwards. Clearly agreed change programme.	None	Leader of the Council
10	National Park Boundary	This may change the direction of local service provision in districts, thereby damaging the scope/viability of the partnership.	01/08/2009	Organisational	3	Leader of the Council	8	3	4	12	NEW	Maintain watching brief on implications re national Park Boundary. Also, mitigation actions for risk ref 8. in order to bolster the partnership in its early stages.	None known	Leader of the Council
11	Failure of governance arrangements	Without careful consideration, the governance arrangements will become overly complex and unworkable, increasing the risks of: audit issues, inadequate/unwieldy political structures/committees, lack of clarity about employing authority, employee insurance, financial management.	01/08/2009	Organisational	2, 3, 4	CE	2, 7	4	3	12	NEW	Clarity on priorities, ensuring both councillor and officer understanding. Decisions required on the approach re - employing authority? joint committee, insurance, S151/Monitoring Officer/Returning Officer responsibilities. Ensure protocols and procedures are agreed.	None known	EMT

Risk ID	Risk Title	Identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
12	Confusion in work practices	A lack of clarity on common priorities and lines of management/responsibility/accountability could cause inefficiencies, customer service issues and issues of staff morale.	01/08/2009	Organisational	2, 3	CE	2, 7	4	3	12	NEW	Resolve matters of line management responsibilities at an early stage to ensure clarity for all staff involved. Ensure political/service priorities are aligned.	None	EMT
13	Staff Morale	A possible reduction at senior management level may result in the loss of key knowledge and experience at the Council, whilst the prospect of change/concerns for job security may cause issues on loss/turnover of staff	01/08/2009	Organisational	2, 3	CE	1, 2	4	3	12	NEW	Have a clear change management approach at the outset - vision, skills, incentives, resources, action plan. Ensure all communication channels are used.	None	EMT
14	Maintaining Resource Levels	Concern for job security may cause issues of turnover of staff, resulting also in issues of service delivery where the Council is unable to recruit until there is clarity on the new structure/redeployment and re-training of existing staff.	01/08/2009	Organisational	2, 3	CE	1, 2, 13	3	4	12	NEW	Resource Planning	Recruitment costs, say £20,000	EMT
15	IT and Infrastructure - Service Design	IT service design is already under review through the work of the PSV. There is a risk that poor/costly decisions will be made without a thorough understanding of the requirements of the EHDC/HCC partnership.	01/08/2009	Organisational/Project	1, 3, 4	HOD	3, 6	4	4	16	NEW	Build the anticipated requirements for the partnership into discussions around the PSV IT needs/HCC shared-service. Seek clarity/agreement on the position of IT from the perspective of EHDC - is a HCC model a possibility?	£ Needs assessment as part of the project	HOD
16	IT and Infrastructure - Investment/Cost	The costs of moving towards a more joined up approach for IT infrastructure/software could be prohibitive	01/08/2009	Organisational/Project	3, 4	HOD	3, 15	4	4	16	NEW	Build into options appraisal/service design work with HCC to assess the most cost effective approach - big bang v phased, quantification of scale of investment required, audit of hardware and software, cost of exiting/amalgamating contracts, review of infrastructure capacity moving forwards.	£ Needs assessment as part of the project	HOD
17	Impact on existing partnerships eg. Capita, Steria, HCC, PUSH	Building the interests of EHDC into existing partnerships may introduce political and organisational complexities, and thus increase the risk of partnership difficulty. However, there are benefits in EHDC carefully considering the options, for example, in relation to the PSV and HCC IT services.	01/08/2009	Organisational	1, 3, 4	CE	11, 12, 15	4	4	16	NEW	EHDC to consider advantages of joining partnerships, the timing of this, and the cost. HCC to facilitate/champion improved partnership working	None	CE
18	Quality of customer service	The process of transition/change may result in possible disruption/reduction in service levels/accessibility, including confusion as to where to go, who to speak to, who is their council..	01/08/2009	Organisational/Project	3	CE	4, 12	2	4	8	NEW	Keep staff, the public, partners and other stakeholders fully informed at all times. Undertake a promotion/ publicity campaign.	None	HOD
19	Customer perceptions	Lack of proactive publicity/core messages may result in the customer believing that the services have not improved but worsened through the change, which may also result in a loss of public support/confidence.	01/08/2009	Organisational/Project	3	HOD	1, 2, 4, 5, 18	2	4	8	NEW	When reviewing individual services, consider customer needs and expectations before, during and after the implementation of any changes to ensure customer needs are being addressed. Promote/explain the benefits of any changes identified.	None	HOD

<u>Likelihood</u>		<u>Type</u>	
1	Extremely Unlikely	Organisational	
2	Very Unlikely	Project	
3	Unlikely	Organisational/Project	
4	Fairly Likely		
5	Likely		
6	Highly Likely		
<u>Impact</u>		<u>Category</u>	
1	Negligible	1	Timetable
2	Marginal	2	Resource
3	Substantial	3	Quality
4	Severe	4	Financial
5	Disastrous		
		<u>Status</u>	
		▶	Unchanged
		▲	Increased
		▼	Decreased
		NEW	
		CLOSED	

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Reference	Summary	Action	Action Owner	Date Opened	Current Status	Date Closed
1	There is a history previous partnerships not working between HBC and EHDC - Legal and Audit.	Regular meetings between parties at both a political and officer level. Joint priorities.	CEO/Leader	01 August 2009		
2	Concern of cultural fit of both organisations. Different perspectives on issues such as privatisation, two-tier working, PUSH. Political leadership styles difference and influencing culture in organisations. IE. EHDC Leader dislikes process and likes an operational hands-on role.	Regular meetings between parties at both a political and officer level. Joint priorities.	CEO/Leader	01 August 2009		
3	Clarity required on approach to accommodation - co-location of services or not? Accessibility for the customer, where?, associated costs, timescales, links/opportunities with the PSV?	Service by service review of customer access before making decisions on location of services in the future. Include also the quantification of costs relating to IT, telephony.	Service by service	01 August 2009		
4	Currently there are different terms of conditions in each authority, any changes would require staff/union consultation which will impact on timescales. There is also the issue of capacity within HR to co-ordinate this activity.	HR to consider and provide a plan for resolving matters. Consider increasing HR resources if needed during the transitional stage. Engage and consult with staff on all relevant issues. Quantify all relating staffing costs to this project - redundancy, training etc	Corporate Development Manager	01 August 2009		
5	In terms of customer care, both authorities work to different standards presently. There may also be operational differences in terms of contact centre management and front/back office splits.	Need to standardise service levels between 2 authorities. Understand both authorities definition of front/back office split. Staff training. Need to also engage with Capita.	Organisational Development Manager (until transfer of services to Capita is complete and resourcing is better understood).			
6	Concern that the identity of the council will be lost, causing confusion to the electorate, customers, partners. An adverse effect on Member and Officer esteem/morale	Emphasise retention of two authorities under a shared chief executive, management team and synchronised services.	CEO/Leader			
7	The Councils are currently on different election cycles/frequency	HBC decide whether to move to 4 year elections simultaneously or not.	CEO/Leader			

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EAST HAMPSHIRE AND HAVANT SHARED MANAGEMENT BUSINESS CASE PROPOSAL

Report by the Chief Executive

Strategic Portfolio: Councillor Parkinson, EHDC/Councillor Briggs, HBC

Key Decision: Yes

1.0 PURPOSE OF REPORT

- 1.1 To provide an outline business case of proposals for the sharing of the Management Team.
- 1.2 To provide both Cabinets with proposals for moving forward with the partnership between the two authorities and background material on current examples across the country.

2.0 RECOMMENDATION

- 2.1 That both Cabinets consider the content of the Business Case as attached at Appendix A and
 - 2.1.1 Agree the '*Route Map*' vision and priorities for the partnership at Appendix 1
 - 2.1.2 Agree the Governance arrangements outlined in Appendix 2
 - 2.1.3 Agree to progress to a shared management team to work across both organisations and the proposed structures outlined in Appendix 4

3.0 SUMMARY

- 3.1 The future models for service delivery in local government are a topic of consideration at a national level and across political parties. Whilst all public sector services are under pressure to be more innovative in their models of provision, it is recognised that district councils are particularly vulnerable to the changing environment.
- 3.2 In response to this context both Councils have set a clear direction of travel for the future and this is outlined in their Corporate Strategies. Both organisations have established similar key priorities to meet the key challenges facing district councils. These priorities include:

- high quality service delivery
- customer focus
- community leadership
- efficiency savings

- 3.3 The political leadership of each organisation has an aspiration to ensure the protection and sensitive development of the local environment, undertaking to create safer and more vibrant communities and to concentrate service delivery on the people who live and work in these communities. There is a strong focus in each organisation on the need to be innovative and creative. Most importantly both organisations see partnership working as key to the future of successful service delivery.
- 3.4 Within this context, an opportunity was created in October 2009 to share the role of the Chief Executive (CEO) between East Hampshire District Council and Havant Borough Council. During the first six months the shared CEO has implemented a change management programme in order to progress the partnership between the two organisations.
- 3.5 The sharing of the CEO has delivered some annual financial savings for both Councils and this has allowed funds to be reinvested in protecting front line services. However, this alone will not deliver the degree of transformational change in partnership working presented in the corporate strategies of each organisation.
- 3.6 Beyond the CEO role there are opportunities to progress with shared management and shared service delivery. This would offer an exciting opportunity to meet the agreed objectives of the partnership. Both Councils are well placed to meet the challenges of taking forward such an initiative.
- 3.7 This business case considers the benefits and challenges of moving to the next phase of the partnership by sharing the whole of the Management Team across both organisations i.e. Director and Heads of Service roles.
- 3.8 A number of drivers could be met by progressing with the proposal. These include:
- Cost savings in overheads of a shared management of approximately £587,000 before transitional costs and any reinvestment to cover any backfilling/capacity costs is taken into consideration.
 - Seeking further efficiency and effectiveness in service delivery through shared functions
 - Improved innovation and creativity through sharing of skills
 - Improved capacity to deliver services
 - Improved sustainability as a 'district council'
 - Resilience and attractiveness in two-tier and commercial markets as a provider and customer
 - Meeting the political objective of smaller and more efficient Government.

4.0 FURTHER INFORMATION

- 4.1 The Business Case at Appendix A provides references to further information available on this subject.

5.0 IMPLICATIONS

Financial

- 5.1 Financial information is available within the Business Case. Further detailed analysis will be required should the council proceed with the proposal. Initial figures illustrate that moving forward with a shared management team will ensure around £587,000 per annum savings across the Councils. Other examples across the country are indicating that moving beyond this kind of arrangement to full management integration and/or shared services provides substantially more savings per annum.

Legal

- 5.2 There are a number of legal matters that need to be considered and an outline of these is provided in the Business Case. S.113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of the other authority.

Strategy (Community and Corporate)

- 5.3 As illustrated in 3.0 above, this proposal meets the direction of travel set out in the Corporate Strategy of each Council and these are based on the work undertaken with the Local Strategic Partners in the Community Strategies. There is an expectation in each Council that partnerships will continue to be developed with public, voluntary and private sector organisations whose values and objectives match their own.

Equalities/Customers

- 5.4 The proposal corresponds with the needs and wants of customers, in particular the desire for high quality and value for money services. The savings that could be achieved with moving forwards in shared management arrangements will help to ensure that front line services are protected. If the Councils proceed with the proposal, all matters relating to the equalities legislation will need to be taken into account at each stage of implementation. In particular, all personnel matters will need to be managed in the context of legislative requirements for equality and fairness.

Risk

- 5.5 A Risk Register is attached at Appendix 7 within the Business Case.

Communications/Public Relations

5.6 A full Communications plan has been developed for internal use as part of the change programme already being progressed. This will need to be further developed to include external stakeholders should this proposal be agreed.

Appendices: Appendix A – Shared Management Business Case

Background papers: See Appendix

Agreed and Signed off by:

Solicitor to the Council: **18th May 2010**

Head of Resources: **18th May 2010**

Corporate Development Manager (HR Specialist): **18th May 2010**

Contact Officer: Sandy Hopkins – Chief Executive

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East Hampshire and Havant Shared Management Business Case

Author	Sandy Hopkins	
Strategic Owners	Councillors David Parkinson EHDC Leader & Tony Briggs HBC Leader	
Version	3	
	May 2010	
Distribution	Cabinets	
References & Related Documents	<p><i>Shared Chief Executives, the lessons</i> Stephen Fletcher, Regional Associate, IDeA (October 2008)</p> <p><i>Advice on Governance and Employment Law in Relation to Shared Services</i> (Eversheds, February 2007)</p> <p><i>Advice on Staffing Issues in Relation to Shared Services</i> (Eversheds, April 2007)</p> <p><i>Approaches to Shared Management Team Remuneration</i></p>	<p>Owner http://www.idea.gov.uk/idk/aio/8890180</p> <p>South East Centre of Excellence</p> <p>North West Centre of Excellence</p> <p>Solace Enterprises</p>

1. INTRODUCTION & BACKGROUND

1.1. Corporate Strategy context

The Corporate Strategies of both Councils provide clear visions that reflect an aspiration to enrich, enhance and progress the opportunities and services of the area.

In East Hampshire the Council has a vision of 'Improving people's lives' and has defined three key priority areas to focus on:

- People – a focus on understanding and meeting the needs of communities, ensuring that everyone is treated equally, and an aim to tackle the issues that matter most to customers;
- Place – looking to the future to enhance the natural environment and a sense of place whilst providing the best possible facilities for local people;
- Organisation – ensuring a high level of performance and effectiveness in service delivery by making the most of the resources available and focussing on partnerships to achieve improved resilience and efficiency.

In Havant the Council has a vision of a 'Cleaner, Safer and More Prosperous' borough. Within this vision are two key principles:

- The provision of high quality, affordable and accessible public services to customers
- The stewardship of the borough for future generations in terms of the physical environment and for the people and communities

Both Councils reflect similar values that underpin their vision and priorities: firstly that the customer and their diverse requirements sit at the very heart of everything the Councils do; secondly that quality should be delivered at an affordable price and in achieving this quality the organisations should be innovative in their approach to service delivery and seek to learn from others; thirdly that partnership working is an increasingly effective way to deliver real outcomes to our customers. As well as improved internal team working, partnerships will continue to be developed with public, voluntary and private sector organisations whose values and objectives match each Council's own.

It is clear that the future will see increasing complexity of partnership working arrangements, both in terms of working with key partners at a county and sub regional level and with service partners and suppliers locally. The strategic focus of both organisations recognises that partnerships will sustain the Councils into the future. The Councils see that alliances and partnerships across a number of organisations give their own organisations strength and resilience to face the challenges of ever increasing budget pressures and new customer demands.

1.2. Financial Challenges

Local Government continues to face significant challenges in terms of budget constraints, the drive to do more with less and rising customer expectations. To date, both Councils have pursued and secured efficiencies and service improvement through service and value for money reviews and business transformation work. However, it is recognised that alternative ways to deliver further efficiencies and value for money are now required and local government must play a leading role in exploring different models of delivery.

In 2009 the national Budget revealed that local government's 3% Comprehensive Spending Review 2007 (CSR07) efficiency target had been increased from £4.9bn to £5.5bn, with councils expected to find 4% efficiency savings in 2010-11. Beyond 2011, the government will seek at least an additional £9bn per annum efficiency savings across the public sector by 2013-14. However, following the recent General Election it is evident that even more savings will be required across the public sector. It is not yet clear what local authorities' share of these savings will be but reduced government grant can be anticipated and some models of future finance have shown no grant at all.¹

By working in partnership across local authorities and with the private sector, local government services can be sustained and improved in a more cost effective manner through opportunities for economies of scale, driving down procurement costs, upfront and shared investment, sharing skills and experience and innovating to respond to customers' changing needs.

In addition to the need to remain customer focussed and find ways to do more with less, both Councils wish to bring jobs to the area and encourage inward investment wherever possible, particularly given the current economic climate.

In Havant, Councillors have expressed that it is the current administration's aspiration to work towards a zero increase in Council Tax in the future and this was achieved in the 2010/11 budget. In East Hampshire Councillors wish to continue ensuring a robust approach to cost reduction, income generation and minimal tax rises. Both Councils' 3 year Medium Term Financial Strategies will be revised to take into account the new national political landscape and the continuing economic pressures.

For indicative purposes the financial projections in March 2010 indicate that new recurring savings of £1.3 million would be required in Havant and £1.5 million in East Hampshire over the next three years - before any reductions of government grant. In the light of latest information on likely government grant, public sector funding, and potential further reduction of income as a result of the recession it can be anticipated that these figures will significantly increase. The savings required will therefore be significant in terms of both Councils' overall budgets of £18 million in Havant and £14 million in East Hampshire.

¹ The new Minister for Communities, Eric Pickles has been tasked with a full review of local government finance in 2010.

1.3. National drivers

The future models for service delivery in local government are a topic of consideration at a national level and across political parties. Whilst all public sector services are under pressure to be more innovative in their design, it is recognised that district councils are particularly vulnerable to the changing environment around demographics, economic pressures and funding gaps. As the key provider of front-line services, a district council must consider the most creative ways to continue in delivering its waste, housing, environmental health, customer and planning services amongst others. This is particularly essential given the increasing and significant pressures on counties and unitaries with their social care and educational services².

The implementation of programmes of work such as *pathfinder two-tier* and the *'Total Place'*³ concept has indicated the direction of travel in government departments. Whilst it is too early to say what the focus of the new Government will be, it has pledged to "*promote the radical devolution of power and greater financial autonomy to local government and community groups*"⁴. The messages remain clear that local government must reorganise itself to be more efficient and a full review of local government finance will be undertaken in the next parliament.

The White Paper - "*Strong and Prosperous Communities*" reinforced this message in the following terms:

"Councils in all areas that are currently two-tier need to find new governance arrangements which overcome the risks of confusion, duplication and inefficiency between tiers and can meet the particular challenges faced by small districts with small budgets or tightly constrained boundaries. It will also be important for councils to develop new models of working, which should also involve collaboration between councils and other public bodies, if they are to achieve ambitious further efficiency improvements..."

The Conservative Party also gave similar messages in their Green Paper on Local Government and in speeches such as David Cameron's address at the Local Government Association Annual Conference in July 2009.

² It is estimated that local government contributes 39%, or more than £5.3bn to total adult care spend of over £13bn. In some areas councils fund more than 80% of their adult care expenditure through Council Tax.

³ 13 pilot areas explored a new approach to public services in 2009/10 and this included a 'counting' process that mapped money flowing through the place (from central and local bodies) and making links between services, to identify where public money can be spent more effectively. This forms part of Sir Michael Bichard's work on the Operational Efficiency Programme looking at the scope for efficiency savings in the public sector. This is to be considered alongside the 'culture' process (that looks at 'the way we do things round here') and how that helps or hinders what is trying to be achieved.

⁴ The outline agreement of the coalition deal published 13th May 2010.

2. BUSINESS NEED

2.1. The proposal and drivers

Within this context, an opportunity has been created to share the role of the Chief Executive (CEO) between East Hampshire District Council and Havant Borough Council. This business case considers the benefits and challenges of taking forward such an arrangement to share the whole of the Management Team across both organisations i.e. Director and Heads of Service roles.

This agreement would involve a 50:50 arrangement between the two Councils.

The key organisational drivers for exploring such a partnership arrangement include:

1. Cost savings in overheads of a shared management of approximately £587,000 before transitional costs and any reinvestment to cover any backfilling/capacity costs is taken into consideration.
2. Seeking further efficiency and effectiveness in service delivery through shared functions
3. Improved innovation and creativity through sharing of skills
4. Improved capacity to deliver services
5. Improved sustainability as a 'district council'
6. Resilience and attractiveness in two-tier and commercial markets as a provider and customer
7. Meeting the political objective of smaller and more efficient Government.

2.2. Current Practice

There are a number of other examples across the country of shared service provision models, including some with shared management teams. The Improvement and Development Agency (IDeA) produced a guide in October 2008 that recorded four permanent examples and a further five interim examples of this practice⁵. A further update of this report was produced in 2009 and by October 2009 there were ten examples of shared CEO arrangements. The following observations were drawn from the IDeA report. .

- All cases quoted have been successful and remain in place.
- At Worthing BC and Adur DC, the two authorities are working towards a fully integrated officer structure. This work includes a service by service business case approach.

⁵ **UK shared Chief Executive's updated information August 2009** : Simon Baker - Staffordshire Moorlands & High Peak; David Incoll - West Devon and South Hams; Ian Lowrie - Worthing and Adur; Peter Simpson - Richmondshire and Hambleton; Stephen Baker - Suffolk Coastal Council and Waveney; David Buckle - South Oxon and Vale of White Horse; David Nuedegg - West Oxon and Cotswold; Kevin Dicks - Bromsgrove and Redditch; Joanna Killian - Essex and Brentwood

- At Staffordshire Moorlands DC and High Peak BC a strategic alliance between the two authorities is being pursued based on a shared services approach.
- At West Devon BC and South Hams DC a number of shared service arrangements have now been implemented. More interestingly, these two are working towards a wider agenda with Teignbridge DC under a new "South Devon and Dartmoor" banner.
- Suffolk Coastal DC and Waveney DC share a chief executive and both Authorities are now engaged in the process of a local government reorganisation including sharing services.

The IDeA report records:

"Not all of the shared arrangements made so far have lasted - not all were intended to. But those that have are starting to deliver real changes and benefits".

Other examples of shared chief executive arrangements in 2009 included Cotswold District Council and West Oxfordshire District Council and Vale of White Horse District Council and South Oxfordshire District Council. The former example includes straddling two counties and two regions. The latter has moved forward a restructuring of management levels in the last six months resulting in the delivery of further savings.

More recent examples of discussions and proposals for shared CEO positions are being presented weekly in the local government press and in the last six months EHDC and HBC have hosted a number of enquiries and one visit from a prospective CEO and Leader exploring such an arrangement.

Options for arrangements for strategic alliances between authorities have been summarised as leading to five possible scenarios⁶.

Option 1 - Two separate authorities under separate management but working to shared services arrangements on ad hoc case by case basis;

Option 2 - Joint working arrangements under the management of one CEO, where both authorities would remain separate and ad hoc opportunities for shared services would be taken;

Option 3 - A formal partnership with one CEO and a joint approach to the delivery of key services, including some back office services;

Option 4 - A formal partnership with a joint management team and combined workforce – service merger; or

Option 5 - A full merger between the two authorities including joint political management arrangements⁷.

⁶ Sector Projects were appointed by Staffordshire Moorlands and High Peak District Councils to complete an options appraisal and 'high level' business case for a strategic alliance between the two authorities. Sector completed their work in mid-November 2007

⁷ Whilst this option has been included for completeness it has not been considered further in this business case on the understanding that a clear indication has been given by both Leaders to remain as two separate political organisations.

3. ORGANISATIONAL OVERVIEWS

3.1. Political Vision

The Leaders and Councillors of both organisations have established similar key priorities to meet the key challenges facing district councils. These priorities include:

- high quality service delivery
- customer focus
- community leadership
- efficiency savings

The political leadership of each organisation has an aspiration to ensure the protection and sensitive development of the local environment, undertaking to create safer and more vibrant communities and to concentrate service delivery on the people who live and work in these communities.

The leadership has also provided a strong focus on the need to be innovative and creative in the organisation's approach to service delivery. This last goal is a particularly significant congruence between the two organisations and much more explicit in the political vision when comparing with other districts around the country.

3.2. Size, Geography, Communities

The social, economic and geographic areas of the two organisations are very different. A comparison of the two districts is laid out in table 1 below:

East Hampshire District Council	Havant Borough Council
County – Hampshire	County – Hampshire
South East region	South east region
Population – 111,000	Population – 116,900
Area – 514 sq kms	Area – 55 sq kms
Density – 215 people per sq km	Density – 2090 people per sq km
Main settlements – Alton, Grayshott, Horndean, Liphook, Liss, Petersfield, Selbourne, Whitehill & Bordon	Main settlements – Emsworth, Havant, Waterlooville, Leigh Park, Hayling Island
Indices of Multiple Deprivation – 332 /354	Indices of Multiple Deprivation – 126 /354

Table 1

3.3. Organisational comparisons

Both organisations are Conservative run administrations with a Council Leader and Cabinet system and a Chief Executive role. A comparison is outlined below in table 2 below. This includes an initial analysis of the delivery of some service areas.

East Hampshire District Council	Havant Borough Council
Political control – Conservative	Political control – Conservative
Number of ward members – 44	Number of ward members – 38
Election cycle – 4 yearly	Election cycle – thirds
Number of staff – 321 fte	Number of staff – 416 fte (463 individuals)
Executive/Cabinet system	Executive/Cabinet system
CPA – Good	CPA – Good
Organisational Assessment - 3	Organisational Assessment - 3
Revenue Budget – net £14m	Revenue Budget – net £18 m
Council Tax requirement - £6m	Council Tax requirement - £8.3m
Average Council Tax (Band D) excluding parishes - £1,376.84 including HCC, Fire & Police (£131.33 for EHDC Services)	Average Council Tax (Band D) excluding parishes - £1,438.29 including HCC, Fire & Police (£192.78 for HBC Services)
Average Council Tax (Band D) including parishes - £54.78 average additional payment	Average Council Tax (Band D) including parishes – N/A
No: dwellings for valuation: 47,969	No: dwellings for valuation: 52,031
<p>Council priorities:</p> <p>Vision: Improving people's lives</p> <p>Key Strategic Priorities</p> <ol style="list-style-type: none"> 1. People – understanding the needs of our communities 2. Place – enhance our natural environment and sense of place 3. Organisation – a high performing efficient organisation working through effective partnerships 	<p>Council priorities:</p> <p>Vision: Cleaner, Safer, More Prosperous</p> <p>Key Principles:</p> <ol style="list-style-type: none"> 1. Stewardship of borough for future generations 2. Excellent public sector services

East Hampshire District Council	Havant Borough Council
<p>Priorities:</p> <ol style="list-style-type: none"> 1. Understanding customers & equality of access 2. Promoting economic opportunity 3. Make our communities feel safer 4. Young people 5. Improving service performance & use of resources 6. Partnership working 7. Climate change and the built and natural environment 8. Affordable homes 9. Whitehill Bordon Eco Town 10. Celebrating and enhancing our communities 	<p>Priorities:</p> <ol style="list-style-type: none"> 1. Public Service Village (PSV) 2. Partnership Working 3. Regeneration of borough 4. Value for Money Service Delivery 5. Organisational Development through innovation and learning <p>Values:</p> <ol style="list-style-type: none"> 1. Customer 2. Quality 3. Partnership
East Hampshire District Council Services	Havant Borough Council Services
Housing stock – Large Scale Voluntary Transfer (LSVT) (Drum Housing)	Housing stock – LSVT (Guinness Hermitage Housing)
Leisure – DC Leisure	Leisure – Charitable Trust (Horizon)
Refuse – private sector (Veolia)	Refuse – in house
Street scene & grounds maintenance – private sector (English Landscapes)	Street scene & grounds maintenance – in house
Revenues & Benefits – in house	Revenues & Benefits - Capita
Audit – Deloitte	Audit – in house partnership WCC/Test Valley
HR & Payroll – in house (Payroll partnership HBC)	HR & Payroll – in house. Using HCC Payroll from April 2010
IT – in house	IT – Private sector (Steria), HCC from October 2010

Table 2

There are a number of different approaches adopted within each of the councils in delivering comparable services to the public. This provides

opportunities for joint learning and exploring different approaches to the procurement of services.

4. MOVING FORWARD

4.1. Context for moving ahead with shared arrangements

Both Councils have developed improvement programmes over the last few years and have a proven track record of delivering efficiency savings and performance improvements as well as income generation initiatives. It is recognised by both Councils that the external environment will require a new approach to change management to help deliver organisations that are fit for purpose into the future.

The CEO role has been shared across both Councils for the last six months and in that time a change management programme has been implemented and managed by the Joint Management Team (JMT) and its nominated Steering Group.⁸

Experience from other examples around the country indicates that significant efficiency and capacity gains have only been achieved where an integrated management arrangement has been put in place either on a service by service basis or at a corporate management level.

It is also acknowledged that such options will not provide all of the answers but will offer one stream of the new approach needed to meet the financial and capacity challenges facing district councils in the future.

The summary in table 3 below represents the range of options for senior level management provision currently available within district councils.

Option Description	Advantages	Disadvantages
<p>1. Separate CEOs and Officers</p> <p>(Two separate authorities under separate management but working to shared services arrangements on ad hoc case by case basis)</p>	<ul style="list-style-type: none"> • More time available for management to focus in single Council • Attention on each Council's challenges and issues 	<ul style="list-style-type: none"> • Small loss of current budget saving (£59K per annum for each council) • Loss of opportunity in potential future savings £500k-£1m • Other service cuts/changes will be required • Loss of opportunity for additional capacity, skills and resilience • Reputation of not moving with the times and

⁸ The JMT consists of the Officer Leadership Team in East Hampshire and the Executive Management Team in Havant. Nominated representatives have formed a steering group to manage the change programme and the CEO is chairing this group.

		challenge from central government.
Option Description	Advantages	Disadvantages
<p>2. Shared CEO Only</p> <p>(Joint working arrangements under the management of one CEO. Both authorities would remain separate, and ad hoc opportunities for shared services would be taken)</p>	<ul style="list-style-type: none"> • £59k p.a. savings • Some limited transfer of knowledge and skills • Some increased flexibility • Some increased resilience through ad hoc sharing of capacity 	<ul style="list-style-type: none"> • CEO spread too thinly • Minor possibility of potential conflicts across different organisations • Crises in one Council may lead to unequal support • Single point of failure in two councils • Loss of future savings through management integration £500K est. • Other service cuts/changes will be required • Loss of opportunity of capacity, skills and resilience
<p>3. Shared CEO and selected shared services</p> <p>(A formal partnership with one Chief Executive and a joint approach to the delivery of key services, including some back office services)</p>	<ul style="list-style-type: none"> • £59k p.a. estimated savings plus revenue savings on selected shared services in the tens of thousands • Good shared learning • Good levels of resilience • Increased flexibility • Further savings available should opportunities arise 	<ul style="list-style-type: none"> • Time needed for service management structures to come together in services • Lack of cohesion in different senior management • Potential redundancy costs • More difficult to go back after decision is taken • Possible conflicts between two differing management teams • Impetus to drive change for the benefit of service delivery and savings not supported by two management structures.

Option Description	Advantages	Disadvantages
<p>4. Fully integrated corporate management & shared services with Service Head structure</p> <p>(A formal partnership with a joint management team and combined workforce – service merger)</p>	<ul style="list-style-type: none"> • £500k - £1m p.a. estimated saving⁹ • Good shared learning • Good levels of resilience • Increased flexibility • Ability to ensure cultural change • Increased likely customer satisfaction • Synergies of processes, systems and technology • Procurement power increased • Opportunities for commercial gains • Potential for accommodation rationalisation 	<ul style="list-style-type: none"> • Limited experience skills for joint working • Time needed for skills & structures to come together • Time needed to build relationships • Potentially disruptive to organisation • Possible significant redundancy costs • Difficult to go back after decision is taken • Possible perceived loss of independence in geographical areas

Table 3

Given we have progressed to at least Option 3, this and Option 4 are likely to offer the greatest opportunity in the current context to deliver on the drivers for change. Option 4 provides an opportunity for substantial savings from a reduced number of senior management posts. These savings will help both Councils to address projected budget deficits identified in their current Medium Term Financial Strategies. Savings made to management overheads are essential in order to avoid cuts in services or increases in charges, including Council Tax.

It is important to recognise that the starting point for each Council is an already very lean Management Team capacity and substantial savings have already been achieved through previous programmes of service reviews. To this degree the initial savings are likely to be at the lower end of the spectrum.

4.2. The first six months of the partnership – shared vision and priorities

Joint Cabinet meetings have been held since August 2009. In September 2009 a provisional list of priorities was discussed and in January 2010 a **'Route Map'** for moving forward was agreed by a meeting of the two Cabinets.

⁹ This range of savings is based on the top layers of management including service managers. Evidence is provided by Adur & Worthing and Vale of White Horse and South Oxfordshire and Cotswold and West Oxfordshire. A reported £600k saving was achieved in year 1 at Adur and Worthing.

The Chief Executive outlined proposals for shared management within the *Route Map* document including the vision for an integrated management team, functions and models for delivery and options for taking forward the integrated management and services. A joint political vision, with objectives and priorities for shared services, was also finalised. This document is at **Appendix 1**.

Relevant Portfolio Holders have subsequently developed a number of work programmes through the joint management team's nominated steering group. These include:

- Shared Equality and Diversity Officer
- Shared Climate Change and Sustainability Officer
- Financial Services review work for a shared arrangement
- Shared Business Transformation Team and
- Proposed new governance arrangements for managing partnership working across both organisations (**Appendix 2**)

4.3. Proposals for a shared management team

The current management structures for both organisations are attached at **Appendix 3**. These structures are currently very different in form. However there are a similar number of senior positions with a corporate responsibility, as a member of the management team, in each organisation. Between the two authorities there are currently 5 Director level roles (including a Deputy Chief Executive post at East Hampshire District Council) and 16 Heads of Service/Senior Managers reporting to the Directors. Of the Service Heads reporting to Directors, there are 10 positions with corporate responsibility as a member of the management team.

The proposal for a shared management team is at **Appendix 4**. This structure follows the 'Management vision and strategy' as outlined in the 'Route Map' at **Appendix 1**. The focus of work for this team will be on:

- People - those individuals and groups who make up our communities, using expertise and excellence in meeting their differing needs;
- Place – the ability to create an environment that serves the needs of our communities today whilst predicting and planning for the needs and pressures of tomorrow;
- Organisational fitness – the ability to provide the highest quality services in the most responsive, flexible, efficient and cost effective way.

The future management team will have a passion for service sector delivery, a belief in a marketing orientated approach and, in particular, a focus on the needs and wants of customers of public services. They will be expected to be visible and accessible, engaging with their clients, staff and partners on a regular basis and listening to their perspectives. This proposed model also requires a cross-cutting and energetic approach to solving challenges that present themselves, no silos but rather a team spirit that uses innovative thinking, constructive criticism and good communications to deliver solutions across any boundaries created by administrative structures.

4.4. Management Arrangements

Executive Directors will support the Chief Executive in driving forward the strategic and transformation agenda set by the Joint Cabinets. They will provide the day to day strategic managerial leadership support necessary to achieve the corporate strategy aims and the annual business plan objectives across both Councils. The Executive Director will also take a strategic lead on a portfolio of projects/programmes of work, providing the Executive Heads with sponsorship of the projects they are delivering and line management support for the group of services they are responsible for leading. Executive Directors will also ensure day to day operational contact and cover across both 'head offices' of the Councils. However, no one Executive Director will be allocated to a specific Council as this is seen as a limitation to the effectiveness of operations across the locations of each Council.

Project Directors will provide a strategic project management role for two significant regeneration based programmes of work taking place in the organisations. The Project Director for Whitehill Bordon is initially a two year post fully funded by Government. The Project Director for the Public Service Village (PSV) will be for 1 year and will deliver specific outcomes for phase one of the PSV project in Havant and initial feasibility work for East Hampshire.

The **Executive Head** role will assume responsibility for achieving the corporate strategy and annual business plan outcomes for each Council. These responsibilities will be to a defined portfolio based on the required outcomes of the corporate business plan and tasks/project work which would be subject to change over time to suit each Council's requirements. The Executive Head's group of services will need to be a flexible resource where management skills are as important as service background although some front line experience will be a key skill requirement. Any one of the Executive Heads may take a lead as programme manager responsible for delivery and performance of any designated corporate priority. A key skill requirement will be the ability to change and review and work in a horizontal way across all service areas of the Councils. Each of the five Executive Heads will lead service groups which will work with greater corporate responsibility and accountability and an ability to scan the wider public/private sector network to ensure a truly cross-cutting and integrated approach to public service delivery across South and East Hampshire.

The 'S151' Officer role will be undertaken by one of the eight Executive Management Board team. This Executive Management Board member will assume the role of Chief Financial Officer with responsibility for all section 151 functions. The 'Monitoring Officer' will assume the role of Chief Legal Officer and be responsible for the Constitutions of both Councils. This role will not necessarily be fulfilled by a full time member of the Executive Management Board. The 'Monitoring Officer' currently sits at the next level of management in both organisations and will be reviewed in the next phase should the proposals in this business case be approved.

4.5. Pay and Grading of positions

Work has been undertaken to ensure that an equitable approach is achieved across both organisations in terms of HR policies and practices. The outline proposals are for spot salaries. The sharing of Director and Heads of Service roles will deliver significant savings towards those required by both organisations within their Medium Term Financial Strategies. A proposed salary model is given at **Appendix 5**. This model is based on a similar model used in the original business case for the EHDC/HBC CEO position and has been benchmarked against other similar arrangements around the country¹⁰. The current costs for running the two management teams and the potential savings based on the proposed new model of shared management are in **Appendix 6**.

A minimum salary saving of £587,000 per annum (top of grade comparison excluding transitional costs and reinvestment of savings) will be achieved within the two year 'payback period' as long as:

- The new senior management structure comprises no more than the posts identified in the proposed structure
- Every displaced current member of the two management teams leaves within one year rather than being redeployed.
- No discretionary enhancements are made to the severance payments to which unsuccessful candidates are entitled under each Council's scheme.
- Remuneration is capped at the financial model proposed.

This report (see section 5 below) recommends that 35% of the saving be reinvested to cover enhanced remuneration costs and any backfilling/capacity costs, thus reducing the estimated minimum cash saving to £452,000. However, there will be a further saving of £109,949 after when the Project Director Public Service Village role ceases after one year.

Short term costs will comprise payments for redundancy and payments to the pension fund to cover the cost of early retirements. The exact cost will be dependent on the individual circumstances of the displaced staff and the timing of redundancy.

Based on the circumstances of staff currently in post the total cost of these payments would be expected to range between £258,000 and £981,000 with payback periods between half a year and twenty months based on the gross saving of £587,000 p.a. In addition there are expected to be one-off costs in relation to external support totalling up to £60,000 which will be met from existing budgets.

¹⁰ Solace Enterprises, Approaches to Shared Management Remuneration May 2010. A 12.5% uplift has been used for Executive Director to reflect the increased role as outlined in 4.4 and a 10% increase has used for the Executive Head.

5. RISK ASSESSMENT

There are a number of risks associated with the proposal to move to a shared management team and a risk register has been compiled and is at **Appendix 7**. This register shows some risks are in the highest quadrant of likelihood and with the greatest levels of impact on the organisations. Mitigating action has been indicated and both Councils will need to agree these measures in order to minimise the risks. The register is based on moving to a full integration of the management structures with shared services across both Councils.

Evidence from other councils entering into similar arrangements suggests that typically issues arise covering the following broad subject areas:

- Change
- Capacity
- Culture
- Equity

Any integration of services across two organisations should not be underestimated in terms of the potential impact it could have on the organisation. Both Councils have already set an ambitious programme of change through the delivery of an Eco Town at Whitehill and Bordon, the Public Service Village in Havant, an increase in services to be delivered through the Partnership Programme as well as ambitions to deliver improvements in services through Asset Strategies, a Business Transformation Programme, Value for Money Reviews and other Organisational Development programmes, including developing our staff. Both Councils also have an ambitious programme of regeneration work including major developments, town centre improvements, leisure provision and responding to the recession.

Moving to a shared management team is likely to create some loss of focus on these other priorities whilst the new arrangements are worked through. The potential for change will impact upon many staff across both organisations and this could result in lower morale and motivation.

Both of the Councils have a strong track record in supporting staff through organisational change and have historically been able to manage staff reductions with minimal use of forced redundancies. Both councils have already responded to the need to hold key posts vacant, reducing the likelihood of redundancies. As the shared arrangements progress this approach will need to continue across the organisations.

In considering the concept of further shared officers across the two Councils it is generally recognised that there are some genuine efficiencies where duplication of knowledge and tasks can be reduced. However, it should also be recognised that sharing posts is not a “100% saving” and that there is some reduction in capacity as a result. Broadly, it is estimated that 35% of any saving resulting from a redundant post in a shared arrangement should

be set aside to cover enhanced remuneration costs and any backfilling/capacity costs¹¹.

Whilst both councils have similar aspirations in terms of the delivery of services to the public, there are some significant organisational cultural differences. Each council has its own history which has shaped its values and beliefs. These differences should not be underestimated when considering joining up services. Sensitivity about the pace of change and the availability of one-off resources to support integration and development of teams will be required.

There are a wide range of potential perceived fairness and equality issues resulting from closer joint working. At the strategic level this process could be divisive as some staff perceive that senior staff working within both authorities are occupying the inside track whereas others feel left out and treated differently or not valued as a result. At a specific level officers undertaking broadly similar jobs in different councils may have differing pay, benefits and terms and conditions. Managing and resolving the HR issues over time will be critical to the successful implementation of this project.

6. IMPLEMENTATION

6.1. Programme and timetable

The risk assessment indicates the need to give this proposal and subsequent work on service integration very careful consideration particularly in terms of implementation. If there is an agreement in principle to move towards a shared management team then the detailed consideration of the next stage of work to integrate management of services/share services should be taken forwards through an implementation programme and timetable. The proposed governance arrangements cited in 4.2 above and at Appendix 2 provide the appropriate mechanisms to progress this work.

The Route Map at Appendix 1 also provides the high level timetable for taking forward this work with proposals for the next stage of integration of management to be completed by April 2011.

6.2. Key Issues to progress

Key issues that will need to be progressed alongside moving to a shared management team are as follows:

- Agreement on the timetables for the formal implementation of future structure changes at both Councils;
- Implementation of a Joint Service Improvement Programme that will bring EHDC and HBC together to progress opportunities for partnership working and shared services and provide the focus for the programme

¹¹ This figure is based on benchmarking work undertaken with Adur & Worthing Council, Vale of White Horse and South Oxfordshire and Costwold and West Oxfordshire councils which have all undergone work to integrate management structures or services.

- of change across both organisations as the joint management structures develop;
- Agreement on the formal governance structures to take the work forwards to include two small member-led groups to provide political and strategic direction to the Joint Service Improvement Programme in the following areas:
 - **Joint Shared Services and Business Transformation Board** – focusing on partnering opportunities, shared-service, value for money, cost reduction and income generation (excluding property asset management);
 - **Joint Organisational Development Board** – focusing on HR, Re-structure, Communication and People Strategy;
 - Continuing communication and consultation arrangements with staff and councillors within both Councils, as set out in the Change Management Programme;
 - Ensuring a satisfactory legal basis for moving forwards with arrangements (**Appendix 8** illustrates the legislative basis for shared management and developing a partnership based on shared services).

6.3. Challenges

The benefits outlined in this business case will only be achieved if some foreseeable and some unforeseeable challenges are overcome. The risk assessment will need to be continually reviewed. There will be a number of immediate challenges to overcome in implementing a shared management arrangement. Work will need to include:

- Each Council will need to ensure that its requirements for attendance at meetings by senior managers are co-ordinated to make that possible.
- New common terms and conditions of service will need to be established for the senior managers encompassed within the shared arrangement.
- Newly appointed senior managers will need to manage staff expectations in a manner that protects the savings achieved through the shared management arrangements.
- Senior “management” at both political and officer level will need to be robust enough to secure good management of common services whilst acknowledging the requirements of separate independent services.
- Councillors will need to adapt to having reduced direct access to senior staff. Because senior staff will split their time between the two authorities, they will not always be readily available for face to face meetings. Both councillors and senior staff will need to work in a structured way to prevent this becoming a problem.

6.4. Democratic and General Governance

It is intended that each Council will retain independently its full set of statutory and discretionary functions. These proposals must not affect the right or ability of each Council to act independently in setting its budget, determining its policy framework and dealing with significant variations from either of them.

Each Cabinet will retain responsibility for its current responsibilities defined in the respective constitutions and each Council will retain its overview and scrutiny arrangements as set out in its constitution. In the context of shared management and/or shared working, the two Councils may wish to consider, in due course, the benefits of new scrutiny arrangements for those functions that they have agreed to deliver jointly.

It is envisaged that each Council will retain its own committees to carry out non-Cabinet functions such as Development Control, Licensing, Standards and Audit & Governance.

Each Council and its Cabinet will retain control over delivery of each Council's services, including the level of budgetary provision for particular services. An example outline governance structure is shown in table 4.

6.5. Governance of partnership

In the context of this business case and the recommendation to progress the partnership to shared management and/or services, explicit arrangements need to be put in place for member management of the process both of setting up and subsequently running the new arrangements.

The suggested way forward from some other authorities is to establish a Joint Senior Management Board to oversee the new senior management arrangements. At the outset, the Joint Senior Management Board would not have any formal powers so sovereignty would remain with the individual Councils, but it would comprise Cabinet members from both Councils so that it could speak and make recommendations with some authority. Under this model both Councils could consider the benefit of it becoming a formal joint committee with decision making powers as the partnership matures. This progressive approach would mirror that of some other models developing currently across the country¹². The Joint Cabinets have considered this in their most recent informal meeting and this has been discussed earlier in this paper. The model at Appendix 2 outlines the proposed approach.

¹² Vale of White Horse and South Oxfordshire

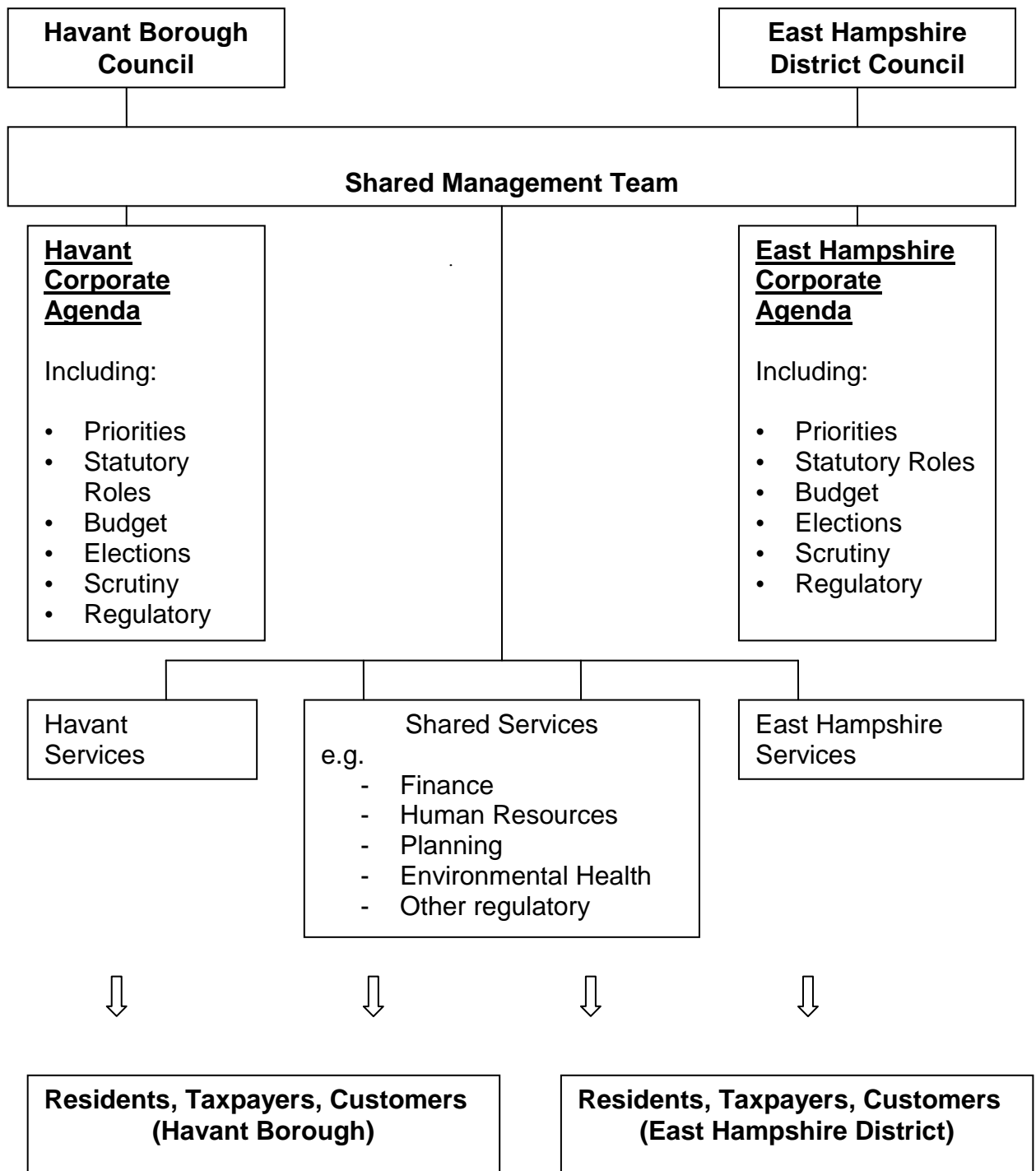


Table 4

7. CONCLUSION

7.1 The drivers for change

The opportunity that has arisen is one that should be considered very seriously given the context within which both Councils find themselves operating. A number of drivers could be met by progressing with the proposal. These are:

- Cost savings in overheads of a shared management of approximately £587,000 before transitional and any reinvestment costs with a further saving of £110,000 after the first year.
- Seeking further efficiency and effectiveness in service delivery through shared functions
- Improved innovation and creativity through sharing of skills
- Improved capacity to deliver services
- Improved sustainability as a district council
- Resilience and attractiveness in two-tier and commercial markets as a provider and customer
- Meeting the political objective of smaller and more efficient Government

7.2 Vision for Shared Management and Services

The sharing of a Chief Executive role has delivered some annual financial savings for both Councils and this has allowed funds to be reinvested in protecting front line services. However, this alone will not deliver the degree of transformational change in partnership working presented in the corporate strategies of each organisation.

Beyond the Chief Executive role there are opportunities to progress with shared management and shared service delivery. This would offer an exciting opportunity to meet the agreed objectives of the partnership. Both Councils are well placed to meet the challenges of taking forward such an initiative.

The focus of managerial leadership as outlined in the '*Route Map*' will provide the basis for an efficient shared management arrangement across both organisations. It is also believed this vision for management will deliver a powerful and significant partnership resulting in effective district level services across both areas. Such an arrangement may also increase the opportunities for further partnership working with other providers of public services including public, private and voluntary sector partners.

7.3 Next steps

Moving ahead with this proposal provides an exciting and challenging opportunity to meet the uncertain and volatile climate in which local government now operates, particularly at a district level of public service delivery.

Given the clear direction of travel, illustrated in the Corporate Strategies of both organisations, this opportunity is both timely and strategically appropriate in terms of taking forward partnership working and improving the efficient and effective delivery of high quality services to the customer.

ROUTE MAP FOR SHARED MANAGEMENT

1) The key organisational drivers

1. Cost savings in overheads
2. Seeking efficiency in service delivery through shared functions
3. Improved innovation and creativity through sharing of skills
4. Improved capacity to deliver services
5. Improved sustainability as a district council
6. Resilience and attractiveness in two-tier and commercial markets as a provider and customer
7. Meet the Political objective of smaller and more efficient Government

2) Political Vision

The priorities include:

- high quality service delivery
- customer focus
- community leadership
- efficiency savings

The political leadership of both organisations have an aspiration to ensure the protection and sensitive development of the local environment, undertaking to create safer and more vibrant communities and concentration of service delivery on the people who live and work in these communities.

The leadership has also provided a strong focus on the need to be innovative and creative in the organisation's approach to service delivery.

3) Management Vision and Strategy

a) **Focus of work**

For the management of the integrated organisations the vision and strategy should be interpreted as a focus on:

- i) **People** – those individuals and groups who make up our communities and our expertise and excellence in meeting their differing needs.

For example:

The opportunity to consider the challenges of rural Hampshire country communities and the coastal and urban communities.

- ii) **Place** – the ability to create an environment that serves the needs of our communities today whilst predicting and planning for the needs and pressures of tomorrow.

For example:

Rural and urban challenges of our customers (businesses, residents and visitors), new National Park, service delivery through the public service village, employment and skills challenges and housing developments required, the groundbreaking eco town concept and how these all link to the services needed today and in the future.

iii) Organisational fitness – the ability to provide the highest quality services in the most responsive, flexible, efficient and cost effective way. Making the most of our 770 staff and 82 councillors. Ensuring we are an employer of choice, developing people to perform at their optimum.

For example:

Designing future proof services, challenging today's models of delivery, with the leading edge ICT, HR, communications and performance management models and systems. People understand their roles and take personal responsibility to deliver the outcomes in line with priorities.

b) Vision of how the Integrated Management Team will work:-

We will have a passion for service sector delivery, a belief in a marketing-orientated approach and in particular a focus on the needs and wants of customers of the public services.

Managers leading these councils are expected to be visible and accessible, engaging with their clients, staff and partners on a regular basis and listening to their perspectives.

This leadership model also requires a cross-cutting and energetic approach to solving challenges that present themselves, no silos but instead a team spirit that uses innovative thinking, constructive criticism and good communications to deliver solutions across any boundaries created by administrative structures.

People in the organisation are given the confidence to learn from their mistakes and are willing to take a creative and positive approach to managing difficult and high-risk issues. People are encouraged to work outside of their 'comfort zone'.

A focus on high quality is an essential ingredient to working at the councils and managers are expected to lead by example by making use of customer and performance information to predict and interpret the direction their services should take in the future.

The vision of management is for seamless public service delivery through effective partnerships with public private and voluntary sector organisations. The role of the Council's managers is to provide leadership across other providers in the area in order to ensure the delivery of high quality, seamless services.

c) Functions and models for delivery

As District Councils we have the complex challenge of providing local community leadership whilst not having all the responsibilities or resources to deliver directly ourselves. There are three very **distinct functions** we hold as a district council:

- **Enforcer** - of National legislation as well as regional/local policy e.g. *Planning, Environmental Health, Benefits, Decriminalised Parking, Coastal Defence, Internal Governance such as property/estates management and audit, etc.*
- **Enabler** - a facilitator for the local area, ensuring that the district is a successful and sustainable economy where customers/communities/businesses/partners have the services and support to be able to also help themselves and others e.g. *Economic Development, Community Development such as sports, health, arts, parks & open spaces, Housing, etc.*
- **Employer** – attracting the highest quality flexible resources, providing excellent governance and standards, being an efficient and sustainable business in the local economy e.g. *Finance, Legal, HR, Democratic Services, procurement, marketing and communications, etc.,*

21st Century public services require a very different approach to delivery, particularly given the reducing availability of finance and increasing customer expectations. District Councils have to take a 'mixed economy' approach to their community leadership role. Ensuring the delivery of high quality public services in their area and providing a stewardship role for the future of the district/borough require three **models of delivery**:

- **Commissioning** – Whilst it may not have the role or resources to directly provide the service, the council is accountable for achieving outcomes in the area in accordance with the priorities of the customers/communities. Playing a lead role in designing services and taking responsibility for the specifications/briefs and procurement arrangements for services will enable the delivery of high quality services and future sustainability of the district/borough.
- **Partnerships** – District Councils do not have accountability for all public services and therefore partnership working is a vital part of the modern service delivery model. Partnerships are likely to be many and varied including private, public and voluntary sector. The key is to focus on the outcomes in drawing up partnership action plans.
- **Direct Delivery** – Some services are directly delivered by both Councils. Some through choice others through legislation and some through market forces.

Commissioning, Partnership working and Direct Delivery are inextricably linked and are not mutually exclusive.

4) Joint Cabinet Vision and Objectives as agreed 2009

'BIG ON EFFICIENCY, LOCAL ON DEMOCRACY'

a) Objectives of the Partnership

- Resilient organisations that can meet challenges of global and national pressures as well as local
- Organisations that are responsive, flexible and adaptable and sustainable into the future
- Delivers financial savings directly and uses innovation to enable further efficiencies
- Share existing strengths and to develop best practice across the two Councils
- Minimises corporate overheads
- Reduces bureaucracy and ensures effective and customer focussed front-line service delivery
- Increases service resilience and capacity
- Maximises existing key skills and develops skills for the future
- Places a high emphasis on change and improvement
- Promotes joint working and team action within and across both councils focused on innovation, learning and improvement
- Explore opportunities for trading in the medium to longer term
- Retain and enhance the separate identity and reputation of both councils
- Explore opportunities for further partnership working, in order to secure further savings and efficiencies
- Seek opportunities for trading in the medium to longer term
- A single Management structure which is “fit for purpose”

b) Working Together – the principles of the Partnership

- 1. We are all part of a coherent South and East Hampshire public service provision**
Promote the vision of an and sell the benefits to stakeholders
- 2. Respect the individual strengths and democratic accountability of the two Councils**
Acknowledge different interests and starting points and the sensitive balance between the two authorities and build on existing capabilities
- 3. Equal Partners**
Both Councils have an equal stake and an equal say in the development and implementation of the partnership

4. Commitment and Leadership

Demonstrate Organisational commitment and provide leadership through awkward issues

5. Business case Led

The assumption is that collaboration will be appropriate across all services unless proven otherwise. All decisions will however be driven by the business-case in terms of efficiencies and service improvement

6. Encourage creativity and innovation

Encourage services to identify and explore opportunities for joint working together, although recognise that some of these may need to be prioritised over others to reflect capacity constraints

7. Pathfinder spirit

- *Flexibility & willingness to compromise*
- *Openness & honesty*
- *Ability to challenge and resolve conflict constructively*
- *A 'can-do' attitude*

5) Joint Cabinet priorities for shared services

a) Planning and Development

Further work will be needed in light of South Downs Park being introduced in 2011. Also LDF joint opportunities to be explored. MDA in Waterlooville also discussed within this agenda.

Timetable: Medium to Long beyond 2011/12

b) Waste

Winchester and EHDC – joint procurement for contracted services
HBC – in-house efficiencies

Timetable: short-term for 2011 implementation

c) Finance & Income Generation

A common approach to finance is seen as critical to the partnership.

Timetable: short-term for 2010/11 implementation

d) Crime and Disorder (Community Safety)

Seen as an opportunity

Timetable: None set

e) Sustainability and Climate Change

Seen as a priority for both organisations.

Timetable: None set but budget priorities require 2010/11 solution

f) Regeneration

Population profiles, customer insight seen as critical and opportunity in the different aspirations of the two authorities. For example, Job Growth and skills development in HBC and Eco-town, tourism and rural

agenda in EHDC. The opportunities of PUSH (Partnership for Urban South Hampshire) included in this discussion.

Timetable: None set but short-medium term would be sensible given priorities and opportunities across two distinct and diverse geographical areas.

g) Southern Parishes

Opportunities for improved services?

Timetable: None set. Opportunities to be explored in medium-long term.

h) Social Justice (Equality of access to services)

Integrated services and two-tier working/Senate (LSP) work could be combined from one Public Service Village approach with a 'hub and spoke' model?

Customer access and Equalities work being progressed. Both Councils have begun work on shared Equalities Officer and also exploring customer insight work and how this can be joined.

Links to County wide Customer Insight work and shared services work on IT with HCC.

Timetable: 2010/11

6) Other shared services work being explored:

a) Information Technology

Through the HIOWA/Senate shared services agenda EHDC and HBC are exploring options with HCC for IT service. Specifications are to be drawn up based on individual business needs but taking into account the joint arrangements for integration between EHDC/HBC management and services beyond this.

Timetable: 2010/11 in time for 2011/12 implementation

b) Human Resource Management

Through the HIOWA/Senate shared services agenda EHDC and HBC are exploring options for sharing services with HCC. Payroll services have already been progressed and are to be implemented in 2010/11.

Timetable: 2010/11 for full implementation by 2011/12

c) Housing Services

As part of the Four Authority work (Winchester, Test Valley, EHDC, and HBC). A project brief has been completed and first stage includes Test Valley joining the Hampshire Home Choice work. More ambitious plans have been invited by the Leaders/CX group and this is to be followed up in 2010/11.

Timetable: 2010/11 feasibility work for full implementation 2011/12

d) Regulatory Services

As part of the Four Authority work (Winchester, Test Valley, EHDC, and HBC). A project brief has been completed. Focus is on Environmental Health services at this stage but more ambitious plans have been invited by the Leaders/CX group.

Timetable: 2010/11 feasibility work for full implementation

7) Draft Timelines and process for Integrated Management work

a) High level timetable

A Programme Board approach is to be taken to the work. This needs to be set within the wider context of other partnership programmes of work being undertaken already within both councils including HCC, Four Authority and private sector work e.g. waste at EHDC. Whilst the ideal is to put in place a senior management team followed by a programme of shared services, some services need to be explored in parallel with the integrated management review.

- i) Draft strategy and structure proposals– January/February 2010
- ii) Formal Cabinet approval – May 2010
- iii) HR implementation process – May-July 2010
- iv) Full Implementation of Management Team – October 2010
- v) Management proposals for shared services and further integration – Oct – February 2011
- vi) Implementation of Service Manager structure proposals April 2011

b) Options for taking forward Integrated Management and services

There are three options for taking forward an integrated management team for the two councils:

- i) **Functional Approach.** This is the traditional service/function based approach which dictates most local government structures. The starting point is to look at existing structures and decide how to most effectively join them together.

Relevant case studies:

[Adur and Worthing Members Perspective](#)

[Adur and Worthing Joint Partnership Case Study](#)

[Southern Oxfordshire Partnership](#)

- ii) **Blueprint.** This approach involves a more fundamental transformation. A vision is developed for the new organisation and a blueprint sets out in detail what the new organisation will look like in terms of business processes, people, information systems, facilities and data. The structure of the changed organisation is created which is capable of delivering the vision and meeting service and customer requirements. The result is a more thematic approach.

Relevant examples:

[Northumberland Council](#)

[County Durham](#)

- iii) **Combination of a Functional approach & Blueprint as above**

The Adur & Worthing Partnership has recently undertaken a

'blueprint approach' to enable the cross cutting projects to be brought into the Partnership programme which to date had been service led reviews with a steering board overseeing the development of the reviews in order to capture corporate issues.

The advantages and disadvantages of each of these are outlined in table 1 below.

Option	Advantages	Disadvantages
Functional	Well understood by all stakeholders. Within managers' comfort zones. Can be achieved relatively quickly.	Does not address cross-cutting issues. Encourages silo working. Limits innovation.
Blueprint	Greater opportunity to meet current needs and challenges. Allows for greater innovation.	Can take longer to achieve due to unfamiliarity. More difficult to build in an exit strategy.
Combination	Could allow quick wins in some areas whilst more fundamental transformation is planned for key areas.	Could result in lost opportunities for fundamental change unless managed carefully.

Table 1.

Based on the functions and models of delivery for a district council as laid out in 3 above it is recommended that a **Combination approach** is best suited to the two district councils. This will allow a more transformational approach to the programmes of work which involve cross-cutting themes and models of delivery. However, a functional focus will assist in some areas of service provision to ensure clarity of roles and responsibilities and most importantly accountability.

c) Heading in the same direction

It is important that both organisations are clear about the vision for this partnership and what this will deliver within set timescales. This has been outlined from a Cabinet and Management perspective in sections 1 to 4 above.

d) Where we are now

We need to understand our ability to deliver change across both organisations through the following:

i) Capacity to deliver change

In the context of resources and priorities within the business plans for both organisations. The current business planning and budget setting is critical to this. It is clear that some investment may be needed in resources such as HR advice and change management in order to ensure the programme is a success and delivers real outcomes including savings. Both organisations have a number of other streams of work that are taking up the time of the limited HR and legal resources available *e.g. Waste partnership and in-house review, capita partnership phase 1, HCC and Four Authority Partnership work, Public Service Village, National Park, Eco-Town work as well as normal day to day services.*

ii) Timescales required

More investment in resources is likely to be needed to drive change whilst still delivering the two organisational business plans. A timetable of shared services and management integration is outlined in sections 5, 6 and 7 above to take into account Cabinet priorities and practical resourcing. This requires further refining including any additional resources to be sought.

iii) Similarities and differences

Whilst there are many similarities between the two organisations there will also be a number of differences in the culture and the way business is undertaken as well as the geographical and social nature of the districts themselves. See Business Case for some comparators.

iv) Strengths and weaknesses

Comprehensive Area Assessments have been undertaken on both organisations in the last year. These assist in providing organisational assessments on strengths and weaknesses.

v) Corporate priorities

Both organisations will be reviewing their corporate priorities in line with budget setting and beyond the financial year 2010/11 into 2011-14. This work will assist in providing context for any integrated management arrangements and shared services work.

vi) Corporate key Projects

Both Councils have a number of corporate projects these are outlined in A of Appendix 1.

vii) Opportunities for joint working quick wins

These have been highlighted in the work undertaken by the Joint Cabinet meetings in autumn 2009. Further work is being pursued by

the two management teams on this list and work has been incorporated into the change programme.

8) Progressing forward

Key Success Factors identified to date from other Partnerships which should be considered when developing the route map are:

- Clearly articulating the vision for the Organisations
- Ensuring Councillor buy-in at all stages
- Communicating effectively with stakeholders

The initial steps required are:

- a) Agreeing the approach including roles, responsibilities and resources. These will be outlined by the project brief and the team.
- b) Setting up an officer Steering Group – it is proposed that the Steering Group will be the Joint Management Team (JMT) and that the JMT will be supported by a Working Group comprising Janet Rees, Bill Price, Tim Slater and Gill Kneller, chaired by Sandy Hopkins. This will bring together the strategic partnership leads and business transformation expertise from each authority to support the JMT through the initial stages of the process.
- c) Securing appropriate external support. This could include support from SOLACE to assist with change management and HR issues. HBC Head of Organisational Development is pursuing this with both HR Managers in EHDC/HBC. Support has also been offered from IESE and the IDEA on examples of best practice in corporate transformation, development of our route map, facilitation and capacity building. The challenge is managing these different offers of support to best effect.
- d) Agreement on joint governance arrangements. Currently this involves decisions made informally by the Joint Cabinets with formal decisions through each Cabinet and Council respectively.
- e) Developing a programme approach to the change/transformation needed across both organisations.

This can be achieved practically through:

- i) Learning from others. This includes reviewing case studies and taking advantage of opportunities offered by IESE to meet with people from other Partnerships. This work has already begun with visits to/from South Oxfordshire, Adur and Worthing and IDEA CX's action learning set.
- ii) Setting up a series of workshops to develop our approach. IESE have agreed to facilitate these at no cost to the Councils.
- iii) Gauging and building our capacity to deliver change. Through investment in development and practical processes such as agreement to develop a joint recruitment protocol.
- iv) Developing a communication plan. An initial plan has been agreed between the joint Management Teams (see B of Appendix 1)

2010/11 Emerging Council Priorities

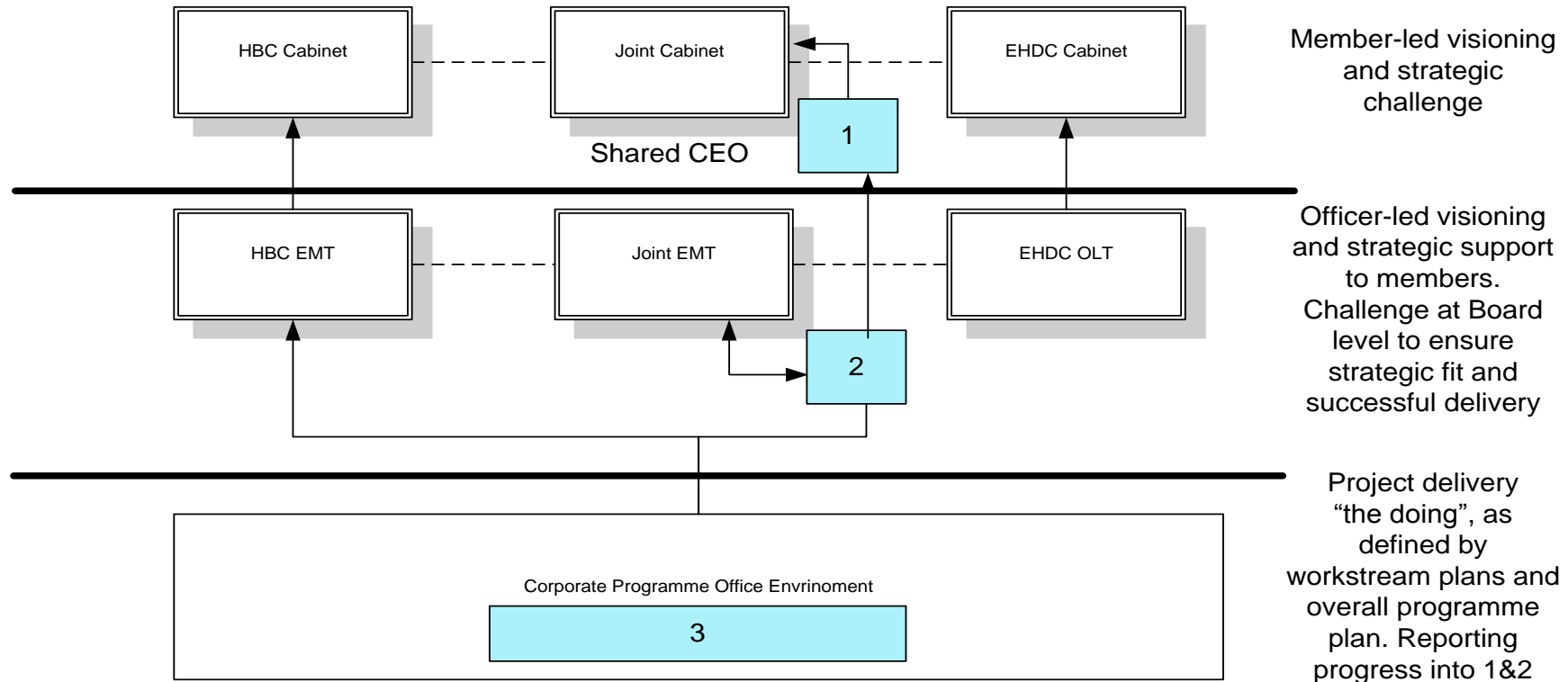
Priority Theme	<u>East Hampshire</u>	<u>Havant</u>
People	<ul style="list-style-type: none"> • Understanding customers (including area action plans and community forums) • People feel safer • Equality of access for customers to services • Civic Offices review • Older people • Younger people 	<ul style="list-style-type: none"> • Skills and Educational attainment • Understanding customers and communities • People feel safer • Equality of access for customers to services • Public Service Village • Children and Young people
Place	<ul style="list-style-type: none"> • Inward Investment • Climate Change work – fuel poverty, retrofitting homes • Affordable Housing • Environmental quality – heritage, open spaces • Leisure provision • Regeneration of Town Centres (community forums and parish/town action plans) • Spatial Planning for the future (LDF) • Travellers provision • Eco-Town • National Park 	<ul style="list-style-type: none"> • Inward Investment • Climate Change work – fuel poverty, retrofitting homes • Affordable Housing • Environmental quality – heritage, open spaces • Leisure provision • Regeneration of Town Centres • Spatial Planning for the future (LDF) • Building Schools for the future (BSF) • Leigh Park Task Force • Coastal Management • PUSH engagement
Organisation	<ul style="list-style-type: none"> • Asset Management • Develop people to perform at their best • Partnerships • Marketing & Communications • External Funding, Income generation and service reviews 	<ul style="list-style-type: none"> • Asset Management • Develop people to perform at their best • Partnerships • Marketing & Communications • External Funding, Income generation and service reviews • Data Quality • Electoral review

Joint working	This is a joint communications plan between Havant Borough Council (HBC) and East Hampshire District Council (EHDC).
Purpose of communication	It will ensure that the principles, objectives and key messages on progress/developments with the shared CX position are communicated in a consistent and coordinated way.
Context	<p>East Hampshire District Council and Havant Borough Council have agreed to share the Chief Executive role. This arrangement would involve a 50:50 arrangement in the corporate management of the Council's paid service and would deliver cost savings in overheads of a shared Chief Executive role of approximately £60,000.</p> <p>Both councils will also be looking at working towards a shared management structure and services which potentially could save £600,000-1million between them in the longer term.</p> <p>In terms of democratic governance each Council would retain its full set of statutory and discretionary functions. These proposals will not affect the right or ability of each Council to act independently in setting its budget, determining its policy framework and dealing with significant variations from either of them.</p>
Objectives	<p>Councillors have set out the following vision:</p> <p style="text-align: center;"><i>Big on efficiency, local on democracy</i></p> <p>Overall objectives of the partnership:</p> <ul style="list-style-type: none"> • Resilient organisations that can meet challenges of global, national and local pressures • Organisations that are responsive, flexible, adaptable and sustainable • Deliver financial savings directly and uses innovation to enable further efficiencies • A single Management structure which is “fit for purpose” • Share existing strengths and develop best practice • Reduce bureaucracy and ensure effective and customer-focussed front-line service delivery • Maximise existing key skills and develop skills for the future • Explore opportunities for trading in the medium to longer term • Retain and enhance the separate identity and reputation of both councils • Explore opportunities for further partnership working, in order to secure further savings and efficiencies

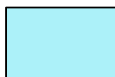
<p>Audiences</p>	<p>Principal audiences are:</p> <ul style="list-style-type: none"> • Staff, including Unison • Residents of the two areas • Councillors • Partners • Local government sector <p>These may be segmented further as the initiative progresses.</p>
<p>Communication Objectives</p>	<p>Staff:</p> <ul style="list-style-type: none"> • Understand the rationale and objectives of this initiative • Understand the implications to themselves personally as the project progresses, as far as these have been determined • Are engaged – and feel involved – in the process as far as possible, by being able to input ideas and feed back comments • Are motivated to get involved in the process while continuing to deliver quality services <p>Councillors:</p> <ul style="list-style-type: none"> • Understand the rationale and objectives of this initiative • Are confident that their objectives are being delivered <p>Residents, customers:</p> <ul style="list-style-type: none"> • Understand that this initiative will maintain service delivery and provide better value for money <p>Partners/local government:</p> <ul style="list-style-type: none"> • Perceive that this initiative promotes innovation, creativity and value for money
<p>Key messages</p>	<p>Internal communications – staff, councillors:</p> <ul style="list-style-type: none"> • Staff will be involved and kept informed all the way • This will provide greater opportunities for job/career development and variety • Job security: compulsory redundancies will be avoided as far as possible • Efficiencies will be achieved from the top down through shared management structures • CX and Leaders will be available, open and transparent throughout • Frontline service provision will be strengthened, not undermined, by partnership working • There will be opportunities for sharing good practice and innovation between the councils • There will be no reduction in democracy or local decision-making as the same number of councillors will represent residents in the two independent councils <p>External communications – residents, customers, local partners:</p> <ul style="list-style-type: none"> • There will be no negative impact on service delivery; in fact, there will be longer term service improvements through sharing

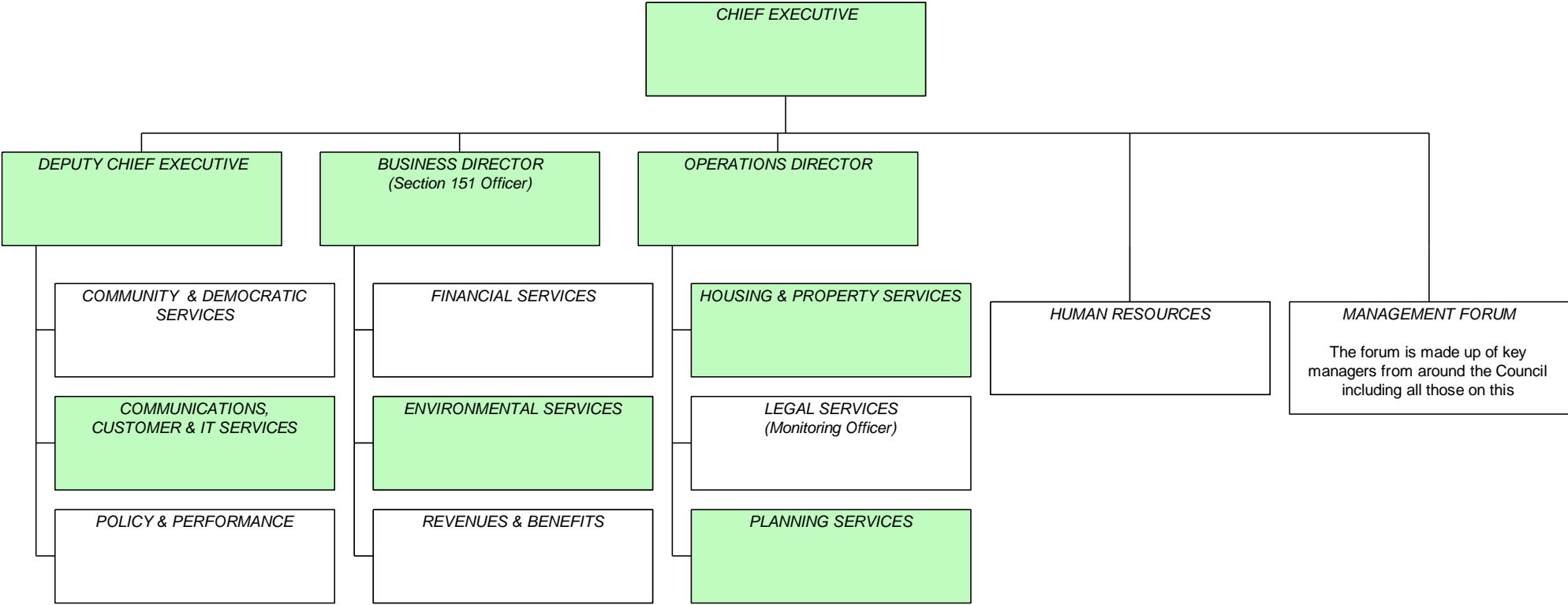
	<p>good practice</p> <ul style="list-style-type: none"> • This initiative will bring greater efficiency and keep council tax bills minimal • We expect long term annual savings of up to £1 million • There will be no reduction in democracy or local decision-making as the same number of councillors will represent residents in the two independent councils <p>External communications – partners, local government:</p> <ul style="list-style-type: none"> • East Hampshire and Havant are at the forefront of innovative and modern service delivery • This demonstrates the best in partnership working • We expect long term annual savings of up to £1 million • Frontline service provision will be strengthened, not undermined, by partnership working
Tools	<p>Internal:</p> <ul style="list-style-type: none"> • EHDC: intranet home page, monthly Management Forum, monthly team briefing, ad hoc CX emails • HBC: fortnightly 'Team talk', intranet (Holli), policy newsletter (C), ad hoc CX emails <p>External:</p> <ul style="list-style-type: none"> • News releases • havant.gov.uk, easthampshire.org, easthants.gov.uk • Community boards • Targeted emails
Budget	There is not specific budget allocated for this. It is expected to be absorbed.
Opposition	No specific opposition (groups or messages) have been identified yet. Internally, restructure and change present risks for low morale and staff retention.
Evaluation	<p>Monitor staff feedback and engagement</p> <p>Monitor media coverage</p> <p>Monitor requests for information</p> <p>Attendance rate at workshops/sessions</p>
Critical success factors	<p>Is there staff understanding and buy-in of the process?</p> <p>Is external reporting fair/positive?</p>
Milestones	<p>CX start date, 12 Oct 09</p> <p>Proposals around shared management structure, April 2010</p> <p>Internal recruitment, June/July 2010</p> <p>New structures operational, October 2010</p>
Risks	<p>Uncoordinated communications</p> <p>Staff feeling threatened or feeling uninformed.</p> <p>Low morale. Talented staff leaving at a higher rate than normal.</p>

W/c		Activity	Key message/audience
September		Press releases, radio interviews Small articles in LGC/LGConline and MJ, The News and Partnership website	General public/ Initial messages as above
30/9/09		EHDC and HBC internal comms to staff – anticipated start date	
15/10/09		800 word article in The MJ, on legal/financial/democratic process	Local government/ Innovation, partnership
26/10/09	E	Sandy at EHDC management forum on 28/10	Staff/ Introducing Sandy
	E	EHDC staff drop-in sessions	
16/11/09	E	Sandy and Cllr DP interviewed by EH press	
17/11/09		Joint mgt team meeting – followed by communication to staff	As above, incl. timeline
Nov-Dec 09		Business planning and budget setting	Internal
January – July 2010		Internal Communications Plan linked to HR process and Joint Management project Team and Cabinet meetings	Internal staff & councillors across both organisations
July- October 2010		Internal & External Communications plan to progress announcements on appointments	Staff & Councillors, External local stakeholders & partners National Local Govt. Press

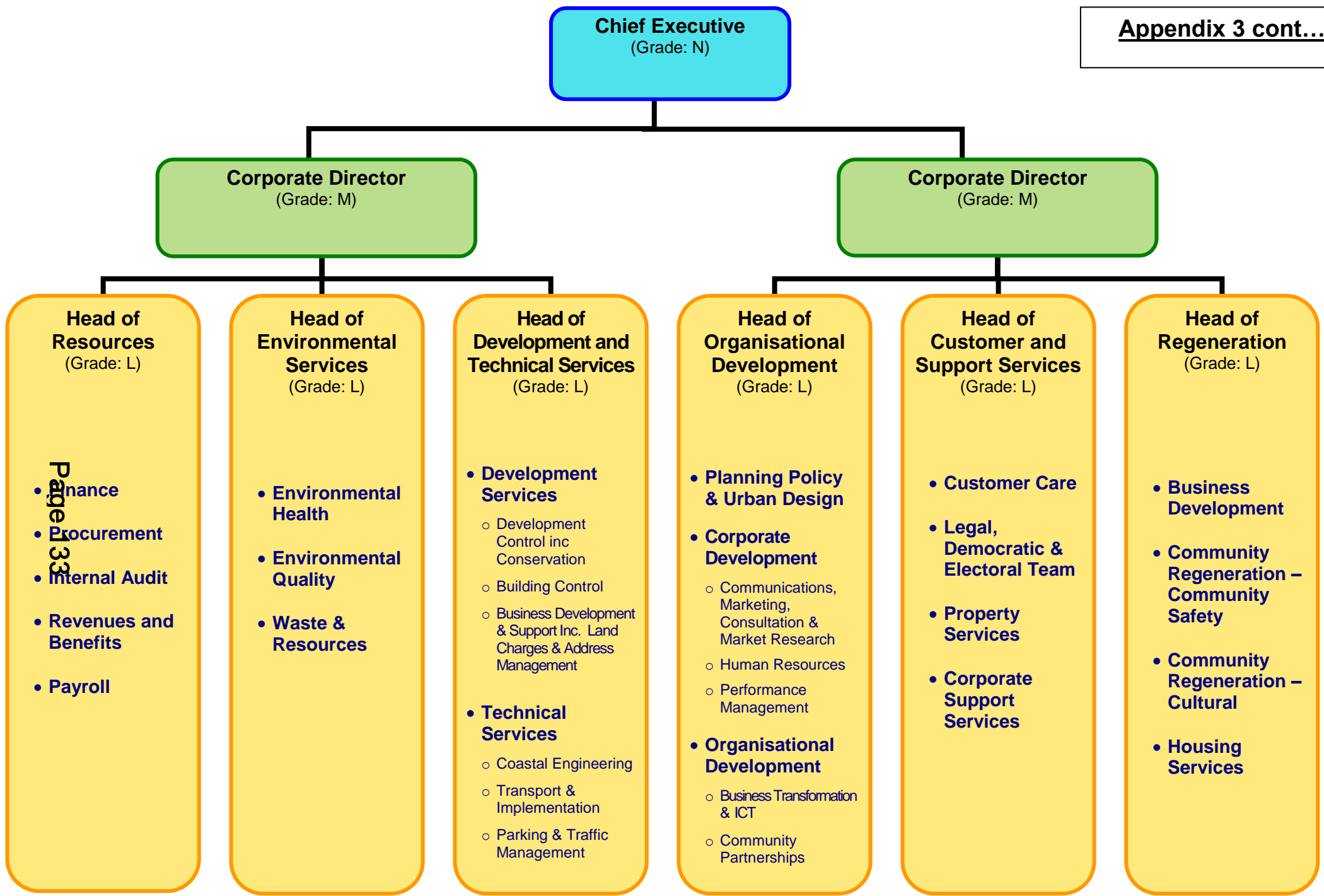


- 1 – Joint member-led Boards x 2
- 2 – Joint Management Steering Group (supporting 1)
- 3 – Shared Programme Office and Business Transformation

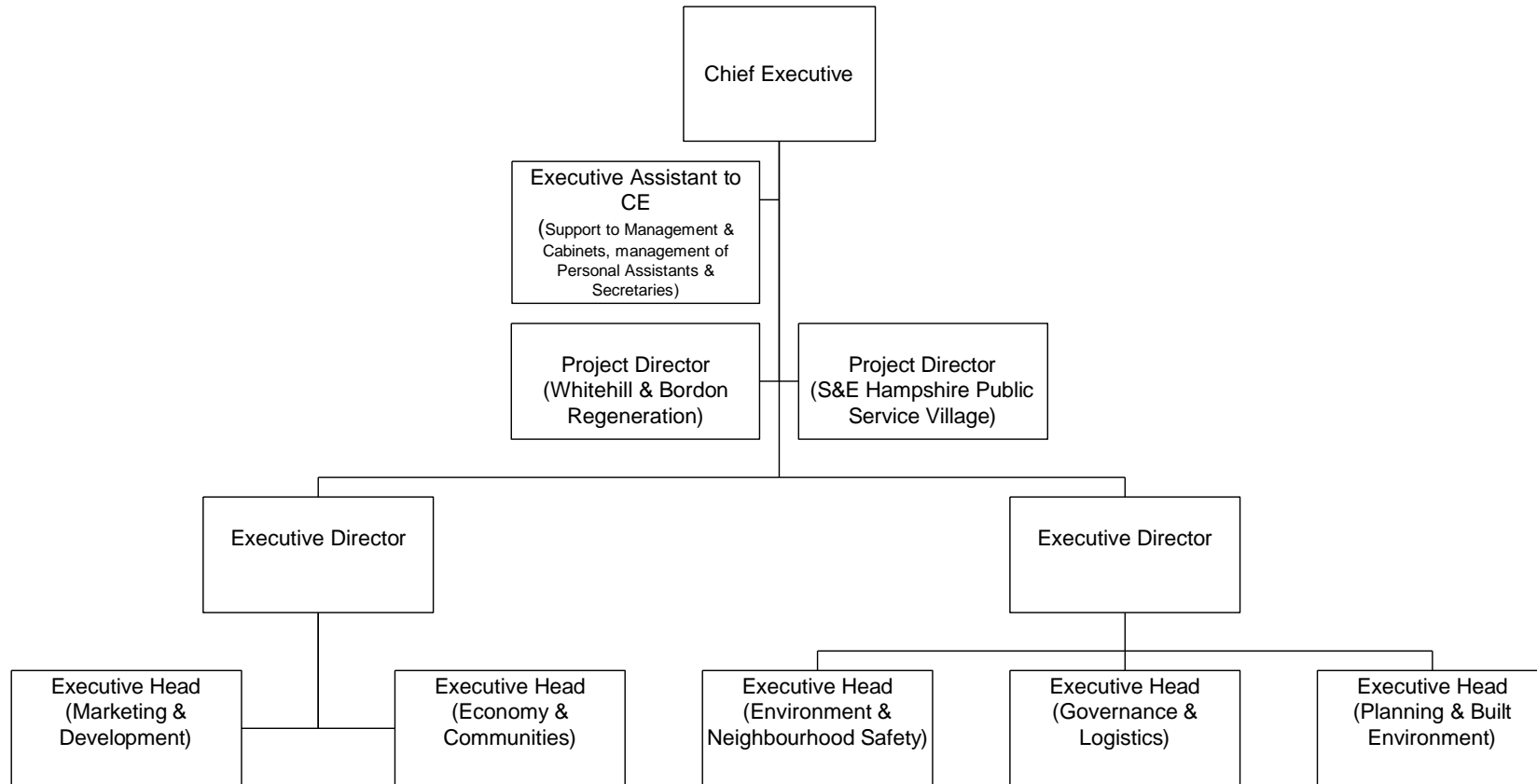
 EHDC-HBC Joint Service Improvement Programme Governance



= Management Team positions



East Hampshire & Havant Councils
PROPOSED JOINT MANAGEMENT STRUCTURE¹³



¹³ Section 151 Officer will be given to an Executive Director or Executive Head role, Project Director Whitehill Bordon is 100% funded from Government. Project Director Public Service Village is for 1 year only.

PROPOSED SALARY MODELLING	SALARY 2010/11 ¹⁴
Directors Havant (current cost top of scale)	£84,903
Directors East Hampshire (current cost top of scale)	£77,098
TOTAL	£162,001
50% of combined salary	£81,000
12.5% increase for new role	£10,125
Recommended 'Spot Salary' for Executive Director¹⁵	£91,000
Heads of Service Havant (current cost top of scale)	£68,427
Heads of Service East Hampshire (current cost top of scale ¹⁶)	£68,410
TOTAL	£136,837
50% of combined salary	£68,419
10% increase for new role	£6,842
Recommended 'Spot Salary' for Executive Head¹⁷	£75,000

¹⁴ Based on top of scale

¹⁵ Increase is rounded down to nearest £1000

¹⁶ This applies to the Heads of Service on the Officer Leadership Team only.

¹⁷ Increase is rounded down to nearest £1000

CURRENT COSTS OF MANAGEMENT TEAMS	SALARIES 2010/2011	ESTIMATE 2010/2011 (inclusive Pension & NI)
<u>HAVANT BOROUGH COUNCIL</u>		
Corporate Directors (X2)	£169,806	£219,916
Heads of Service (X6)	£416,337	£536,954
SUB TOTAL	£586,143	£756,870
<u>EAST HAMPSHIRE DISTRICT COUNCIL</u>		
Deputy Chief Executive	£88,679	£113,509
Directors (X2)	£154,196	£197,371
Heads of Service (x4)	£273,640	£350,259
SUB TOTAL	£516,515	£661,139
Shared Chief Executive	£125,000	£161,250
CURRENT TOTAL COSTS ACROSS BOTH COUNCILS	£1,227,658	£1,579,259
PROPOSED TOTAL COSTS		
Shared Chief Executive	£125,000	£161,250
Executive Directors x 2	£182,000	£235,690
Executive Heads x 5	£375,000	£485,625
Project Directors net of external funding ¹⁸	£85,000	£109,949
TOTAL	£767,000	£992,514
ESTIMATED SAVINGS¹⁹	£460,658	£586,745
LESS REINVESTMENT OUTSIDE MANAGEMENT TEAM (Estimate)²⁰		- £135,026
NET ONGOING CASHABLE SAVINGS		£451,719

¹⁸ The apportionment of the PSV Project Director role has been assumed to be 80% to Havant, 20% to East Hampshire. All other costs shared 50/50. The £452,000 saving above would therefore be apportioned Havant £205,000 and East Hampshire £247,000. The Project Director role is intended to be for 1 year only so a further saving of £109,949 would arise thereafter.

¹⁹ It is likely that there will be further minor savings of other costs for the shared role i.e. IT support, training, conferences, mobile telephony and employers insurances.

²⁰ This is calculated at 35% of the savings less the uplifts included in this report as explained in 4.5 of the report.

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
Page 137 1	Officer Capacity	Carry on the day job AND deliver proposed changes. Already limited resources areas of work with PSV, Eco Town, Alton Community Centre, National Park and rest of Partnership Programme of work. Capacity to support two organisations with Senior posts vacant in both organisations. Capacity at the service manager level. A lack of capacity will dilute the effort on other existing initiatives and potentially have a negative impact on the level of influence/successful change at Havant.	01/08/2009	Organisational/Project	2, 3, 4	CEO		5	4	20	▶	Management of both organisations to meet and develop plans together. Set clear timetable and pace in agreement with both organisations. Resource management/succession planning	Any additional capacity required shared across both £75K from existing budgets through vacancies	CEO

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
2	Capability to deliver	Both Councils are moving towards a very complex model for service delivery, drawing on the benefits of private and public sector working. To be successful there may be a need to develop management skills	01/08/2009	Organisational	2,3	CEO	1	4	3	12	▶	Development of skills/competencies and assessment of training needs. Design/sourcing of training. Delivery of training. Clear communication on requirements and expectations, so managers know what is expected in such roles.	Use of existing training budgets across both councils	JMT
3	Costs to Implement	The costs to implement may outweigh the benefits. High redundancy costs may prove to be prohibitive, and IT/Accommodation costs will need to be considered also.	01/08/2009	Organisational	2,4	CEO		5	3	15	▶	Both Councils to agree whether investment is an option. Consider within the work of business planning and strategic direction i.e. shared services and asset rationalisation. Consider funding options for investment.	Redundancy costs are included in the business case.	CE

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
4	Securing the benefits	Success will be measured by the level of benefits and financial efficiencies gained. There is a risk that savings won't materialise within service areas, which will have a financial and reputational impact on both organisations.	01/08/2009	Organisational/Project	3, 4	CEO	1, 2, 3	4	4	16	▶	Both Councils have agreed an initial list of priorities on savings to be achieved via shared approach. Joint approach on change management and benefits realisation to be managed through new Governance arrangements.	cost of failure £000,000's initial figures included in business case	JMT
5	Maximising the Efficiencies	In order to achieve the greatest amount of efficiency, policies could be harmonised. There is a risk that this may have political implications.	01/08/2009	Organisational	2, 4	CEO	4	3	3	9	▶	Joint approach to defining protocols, ensuring that these also feed into the benefits realisation plan for the implementation.	None	JMT

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
6	Proportionment of costs between the two councils.	There is no mechanism in place for the costs to be shared transparently with consistency, without this approach the relationship between the organisations will be more difficult to manage. Managed poorly, there is an increased risk also that best value will not be achieved and demonstrated.	01/08/2009	Organisational	3, 4	CEO	5	4	4	16	►	Identify at a very early stage a mechanism that is open, transparent, legitimate and simple to apply to satisfy Councillors and audit and not be too onerous to apply by staff. Collective decision making to avoid any significant imbalance in one or other's Council Tax increases.	Minimal	CEO
7	Conflicting member-led priorities between the two councils	The allocation of resources could be affected by mismatched member priorities.	01/08/2009	Organisational	2, 3, 4	Leaders of the Councils	5, 6	4	4	16	►	Good understanding of priorities through the Cabinets.	Depends on final arrangements for shared services £00,000's est. costs of non achievement of efficiencies	Leaders of the Councils

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
8	Consequences of not progressing project.	If the project flounders, both organisations will continue to carry the risks and challenges surrounding the need for financial savings and efficiencies, which will affect priorities, service levels/scope of service provision. A poorly controlled process will also impact on customer satisfaction.	01/08/2009	Organisational/Project	1,2,3,4	Leaders of the Councils	All	4	5	20	▶	Regular meetings/contact between councillors especially Cabinet. Clear agreement on priorities of objectives at Cabinet and Council levels. "Start with the end in mind" Joint Management Team to drive cultural change and transformation. Communication between two leaders and approach agreed. Communication across both organisations with plans internally with councillors & staff. Clearly developed business case for moving forwards. Clearly agreed change programme.	Savings set out in the report will not be achieved	Leaders of the Councils

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
9	Member level support	There may not be unanimous support for this agenda, which may impact on the success of the project/change process	01/08/2009	Organisational/Project	1, 2, 3, 4	Leaders of the Councils	5, 7, 8	5	3	15	▶	Communication across both organisations at the start of the partnership. Communication plans internally with councillors. Clearly developed business case for moving forwards. Clearly agreed change programme.	None	Leaders of the Councils
10	National Park Boundary	This may change the direction of local service provision in districts, thereby damaging the scope/viability of the partnership.	01/08/2009	Organisational	3	Leaders of the Councils	8	3	4	12	▶	Maintain watching brief on implications re national Park Boundary once authority is fully operational. Also, mitigation actions for risk ref 8. in order to bolster the partnership in its early stages.	None known	Leaders of the Councils

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
11	Failure of governance arrangements	Without careful consideration, the governance arrangements will become overly complex and unworkable, increasing the risks of: audit issues, inadequate/unwieldy political structures/committees, lack of clarity about employing authority, employee insurance, financial management.	01/08/2009	Organisational	2, 3, 4	CEO	2, 7	4	3	12	▶	Clarity on priorities, ensuring both councillor and officer understanding. Clarity of approach re - employing authority model, joint governance, any insurance required, S151/Monitoring Officer/Returning Officer responsibilities. Ensure protocols and procedures are agreed.	None known	EMT

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
12	Confusion in work practices	A lack of clarity on common priorities and lines of management/responsibility/accountability could cause inefficiencies, customer service issues and issues of staff morale.	01/08/2009	Organisational	2, 3	CEO	2, 7	4	3	12	▶	Resolve matters of line management responsibilities at an early stage to ensure clarity for all staff involved. Ensure political/service priorities are aligned and any shared services follow these.	None	JMT
13	Staff Morale	A possible reduction at senior management level may result in the loss of key knowledge and experience at the Council, whilst the prospect of change/concerns for job security may cause issues on loss/turnover of staff	01/08/2009	Organisational	2, 3	CEO	1, 2	4	3	12	▶	Have a clear change management approach at the outset - vision, skills, incentives, resources, action plan. Ensure all communication channels are used.	None	JMT

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
14	Maintaining Resource levels	Concern for job security may cause issues of turnover of staff, resulting also in issues of service delivery where the Council is unable to recruit until there is clarity on the new structure/redeployment and re-training of existing staff.	01/08/2009	Organisational	2, 3	CEO	1, 2, 13	3	4	12	▶	Resource Planning	Recruitment costs £20K	JMT
15	IT and Infrastructure - Service Design	IT service design is already under review through the work of the PSV. There is a risk that poor/costly decisions will be made without a thorough understanding of the requirements of the EHDC/HBC partnership.	01/08/2009	Organisational/Project	1, 3,4	HOD/HOC	3, 6	4	4	16	▶	Build the anticipated requirements for the partnership into discussions around the PSV IT needs/EHDC needs/HCC shared-service. Seek clarity/agreement on the position of IT across both organisations	£ Needs assessment as part of the project	HOD/HOC

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
16	IT and Infrastructure Investment/Cost	The costs of moving towards a more joined up approach for IT infrastructure/software could be prohibitive	01/08/2009	Organisational/Project	3, 4	HOD/HOC	3, 15	4	4	16	▶	Build into options appraisal/service design work with HCC to assess the most cost effective approach - big bang v phased, quantification of scale of investment required, audit of hardware and software, cost of exiting/amalgamating contracts, review of infrastructure capacity moving forwards.	£ Needs assessment as part of the project	HOD/HOC

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
17	Impact on existing partnerships eg. Capita, Steria, HCC, PUSH, 4 Authority work & wider HIOWA work	Building the interests of EHDC into existing partnerships may introduce political and organisational complexities, and thus increase the risk of partnership difficulty. However, there are benefits in EHDC carefully considering the options, for example, in relation to the PSV and HCC IT services.	01/08/2009	Organisational	1, 3, 4	CEO	11, 12, 15	4	4	16	▶	Introduce a Joint Governance model to facilitate/champion improved partnership working. EHDC/HBC to consider advantages of joining partnerships through joint governance model whilst taking into account individual needs of each council. Consideration of timing of this, and the cost for both.	None	JMT

Risk ID	Risk Title	identification of areas where there are significant risks	Date Added	Type	Risk Category	Risk Owner	Linked Risk IDs	Inherent			Status	Mitigation Required	Financial Assessment	Action Owner
								Likelihood	Impact	Risk Rating				
18	Quality of customer service	The process of transition/change may result in possible disruption/reduction in service levels/accessibility, including confusion as to where to go, who to speak to, who is their council..	01/08/2009	Organisational/Project	3	CEO	4, 12	2	4	8	▶	Keep staff, the public, partners and other stakeholders fully informed at all times. Undertake a promotion/ publicity campaign.	None	HOD/HOC
19	Customer perceptions	Lack of proactive publicity/core messages may result in the customer believing that the services have not improved but worsened through the change, which may also result in a loss of public support/confidence.	01/08/2009	Organisational/Project	3	HOD/HOC	1, 2, 4, 5, 18	2	4	8	▶	When reviewing individual services, consider customer needs and expectations before, during and after the implementation of any changes to ensure customer needs are being addressed. Promote/explain the benefits of any changes identified.	None	HOD/HOC

Definitions

<u>Likelihood</u>		-	-	<u>Type</u>	
1	Extremely Unlikely			Organisational	
2	Very Unlikely			Project	
3	Unlikely			Organisational/Project	
4	Fairly Likely				
5	Likely				
6	Highly Likely				
<u>Impact</u>				<u>Category</u>	
1	Negligible			1	Timetable
2	Marginal			2	Resource
3	Substantial			3	Quality
4	Severe			4	Financial
5	Disastrous				
				<u>Status</u>	
				▶	Unchanged
				▲	Increased
				▼	Decreased
				NEW	
				CLOSED	

LEGISLATIVE BASIS FOR SHARED SERVICES

1. APPOINTMENT OF STAFF

General duty to appoint officers

Under Section 112 of the Local Government Act 1972 local authorities have a duty to appoint such officers as they think necessary to enable them to discharge their own functions and any functions which they carry out for another local authority.

Officers appointed under section 112 hold office on such reasonable terms and conditions as are agreed by the employing authority.

Power to share staff

Section 113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of the other authority. Authorities must consult the officers involved before entering into such an agreement

Staffs that are made available under such an arrangement are able to take binding decisions on behalf of the body at whose disposal they are placed, although they remain an employee of their original authority for employment and superannuation purposes.

This legislation therefore allows staff to be shared between the two Councils.

External advertisements

Section 7 of the Local Government and Housing Act 1989 requires that Councils appoint on merit.

The Local Authorities (Standing Orders) Regulations 1993 and 2001 require the Councils to have Standing Orders relating to the appointment of Chief Officers.

2. DESIGNATION OF STATUTORY OFFICERS

Chief Finance Officer

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

Section 113 of the Local Government Finance Act 1988 requires that the Chief Finance Officer shall be a member of one of a list of named professional bodies.

Head of Paid Service

Section 4 of the Local Government and Housing Act 1989 places a duty on each Council to designate one of their officers as the Head of Paid Service and to provide that officer with such staff, accommodation and other resources as are, in his/her opinion, sufficient to allow his/her duties under this section to be performed.

Monitoring Officer

Section 5 of the Local Government and Housing Act 1989 places a duty on each Council to designate one of its officers (to be known as “the Monitoring Officer”) as the officer responsible for performing the duties imposed by that section and to provide that officer with such staff, accommodation and other resources as are, in his/her opinion, sufficient to allow his/her duties under this section to be performed. In essence, the Monitoring Officer has a duty to ensure that the Council, its members and officers act lawfully and ethically. There is no professional qualification specified by legislation for this post.

Electoral Registration Officer

Section 8 of the Representation of the People Act 1983 requires every district Council to appoint an officer of the Council to be Electoral Registration Officer.

Returning Officer

Section 35 of the Representation of the People Act 1983 requires every district council to appoint a returning officer for district and parish council elections.

Power to designate shared senior officers as statutory officers for both authorities

Each authority is under a duty to appoint each of the above statutory officers as part of the shared management structure. The combination of sections 112 and 113 of the Local Government Act 1972 means that both Councils could designate the same officer as a particular statutory officer. Alternatively, they could each choose to appoint a different officer to the statutory roles.

3. JOINT DELIVERY OF SERVICES

No decisions are being taken on how specific services will be delivered by each Council in this particular business case. However, should the business case be found satisfactory and a decision is made to move to a shared management and shared services the following powers may be drawn upon.

These powers will be explored in more detail following approval of the business case and will be considered through each shared service proposal and it may be necessary for each Council to amend its constitution, and its delegations as the partnership progresses.

General power to delegate

Section 101 of the Local Government Act 1972 provides that a local authority may (with certain exceptions) arrange for the discharge of any of their functions by any other local authority.

Two or more local authorities may discharge any of their functions jointly and, where arrangements are in force for them to do so they may also arrange for the discharge of those functions by a joint committee of theirs or by an officer of one of them.

Executive arrangements

Both Councils are operating executive arrangements under part II of the Local Government Act 2000.

Regulations enable arrangements to be made for the discharge of executive functions by an area committee, another local authority or an executive of another local authority. There is also provision in the regulations for the discharge of executive functions jointly by two or more authorities, or by a joint committee.

Scrutiny Project Plan

(Review of Shared Management Arrangements
With East Hampshire District Council)

Marketing, Business Development and Five Councils Scrutiny
and Policy Development Panel

2016

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SCRUTINY PROJECT PLAN

Review of Shared Management Arrangements With East Hampshire District Council

SECTION ONE – Project Definition Form

<i>Project Title</i>	<i>Review of Shared Management Arrangements With East Hampshire District Council</i>
<i>Link with the Corporate Strategy and Business Plans</i>	The partnership with East Hampshire District Council complies with the Council's Corporate Strategy aims to explore how we can deliver services differently in a new and innovative way so as to promote services that are value for money
<i>Project Objectives</i>	To investigate the success of Havant Borough Council's partnership with East Hampshire District Council
<i>Benefits to the Council and Its Residents</i>	To ensure that the Partnership corresponds with the needs and wants of customers, in particular the desire for high quality and value for money services and has delivered the benefits identified in the Business Case submitted to the Council in 2010
<i>Evidence to Support the Project</i>	Interviews with the members of the Shared Management Team Questionnaires
<i>Project Will Deliver</i>	A report with recommendations to be submitted to the Scrutiny Board and Cabinet

SCRUTINY PROJECT PLAN

The Project Will Include

The financial, human resources and customer relations impact of the partnership

The Project Will Not Include

Success Criteria

Project completed within the agreed timescale
Number of Recommendations agreed by the Cabinet
Number of Recommendations implemented
Number of People Involved in the review
Percentage of members of the Panel who attended and took part in the review
Number of meetings held
If the Review is followed up

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Key Officer(s)

Sandy Hopkins – Chief Executive

Cabinet Lead

Councillor Bains

SCRUTINY PROJECT PLAN

SECTION TWO – PROJECT PLANNING

Scrutiny Panel	Marketing and Development Scrutiny and Policy Development Panel
Scrutiny Lead	Councillor Pike
Panel Members	Councillors Mrs Blackett, E Shimbart, G Shimbart, Kerrin and Quantrill

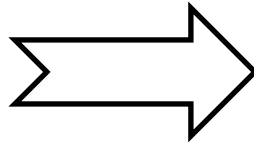
Witnesses to Interview

Who?	Why?	When?
Tom Horwood (Executive Director, Strategy and Governance)	To meet with the Panel and answer members questions in relation to the strategic aspects of the HBC / EHDC Partnership	9 December 2016
Craig Smith, Chief Finance Officer	To meet with the Panel and answer members questions in relation to financial aspects of the HBC / EHDC Partnership	28 November 2016
Tracey Wood, Head of Housing	To meet with the Panel and answer members questions in relation to working as a shared team across HBC and EHDC	3 November 2016
Andrew Biltcliffe, Head of Planning	To meet with the Panel and answer members questions in relation to Planning reverted to a separate service	3 November 2016
Neill Payne, Unison Representative	To meet with the Panel and answer members questions in relation to staffing aspects of the HBC / EHDC Partnership	20 October 2016

SCRUTINY PROJECT PLAN

Start Date:

October 2016

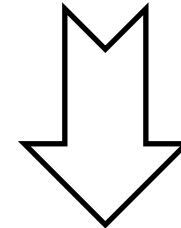


Projected Timescales for:

Evidence gathering: Oct – Nov 16

Interviews/Site Visits: Oct – Nov 16

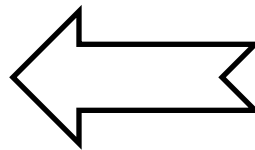
Evidence Analysis: Nov – Dec 16



Project Report Deadlines:

Draft Report Produced: 16 December 2016

Panel to Agree Final Report: 23 December 2016



Dates for:

Report to Scrutiny Board: 31 January 2017

Report to Cabinet: 15 March 2017

Meeting Notes

(Review of Shared Management Arrangements
With East Hampshire District Council)

**Marketing, Business Development and Five Councils Scrutiny
and Policy Development Panel**

2016

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Notes of the Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel held on Thursday, 3 November 2016

Present

Councillor: Pike (Chairman)

Councillors: Mrs Blackett, Quantrill and Shimbart

Also Present:

Andrew Biltcliffe (Head of Planning), Mark Gregory (Democratic Services Officer), Nicholas Rogers (Democratic Services Assistant) and Tracey Wood (Head of Housing)

Apologies: Mrs Shimbart

14 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor E Shimbart.

15 NOTES OF THE LAST MEETING

The minutes of the meeting of the Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel held on 20 October 2016 were agreed as a correct record.

16 CURRENT SCRUTINY PROJECTS

17 REVIEW OF SHARED PARTNERSHIP ARRANGEMENTS WITH EAST HAMPSHIRE DISTRICT COUNCIL

The Panel invited Tracey Wood, Head of Housing, and Andrew Biltcliffe, Head of Planning, to discuss their experiences of the HBC / EHDC Partnership and answer questions raised by members.

The following points were discussed:

- It was the view of the managers present that the Partnership had led to more opportunities to refine and improve services. For example, the Housing service

Action

had used the integration process to refine job descriptions for each role to ensure staff could cover the generic areas required, leading to greater resilience.

- Planning was a shared service for a short time, but it was decided to revert back to separate services due to the contrasting requirements at each Council, the differing political situations and restructures in senior Planning staff.
- However, the experience of Planning being a shared service had been beneficial to the Council. For example, staff drew upon experiences preparing the East Hampshire Local Plan during the preparation of the Havant Local Plan.
- The Partnership led to greater resilience as shared teams allowed for expertise and resource to be shared across the Council sites.
- The process of integrating the shared services had taken time and there were initial issues experienced (e.g. misunderstandings over where managers were based and concerns over regular travelling between sites). These have however been resolved with improved diary management and clear guidance to staff and members.
- The Partnership and subsequent management team restructures had led to certain staff undertaking increased responsibilities and supervisory roles. This had been received positively by staff members within Housing and Planning services.
- Quarterly health-check information was published and shared between the Councils.
- There was no specific training given to managers in preparation for the Partnership.
- The Partnership had led to a higher staff turnover and in some cases, the loss of key staff. The managers present viewed that this was unavoidable in the current employment market and had led to long-term benefits, with more experienced staff recruited and the shared authority becoming a more attractive proposition for potential employees.
- Despite initial minor problems, the Partnership was

viewed to be a benefit rather than a disruption.

- Arrangements within the Partnership allowed for the staff at each Council to respond to issues differently. For example, the main area of concern for Housing staff at Havant is on homelessness, while Housing staff at East Hants have more mental health issues to deal with. The Partnership had not impacted on the team's ability to react to issues related to the individual Council alone.
- There were concerns over the integration of terms and conditions, but staff had recognised that there were benefits to the approach. All new staff joining either Council would now automatically have the new shared terms and conditions.
- Flexible working had allowed managers to work from anywhere and there were now no issues in working at either Council site.
- It was the view of the managers present that the Partnership had resulted in a number of tangible benefits. For example, the Head of Housing had been actively involved in the recruitment process for roles outside of the service but that directly impacted upon Housing. Another example is the consistent approach to a service with the manager shared across both Councils.
- The Partnership had promoted strong working relationship within the shared management team and the shared directorates.
- Managers held regular team meetings and briefings with staff, while Team Talk was circulated fortnightly to ensure all staff were kept up-to-date on key matters across both Councils.

The meeting commenced at 10.00 am and concluded at 10.49 am

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Notes of the Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel held on Monday, 28 November 2016

Present

Councillor: Pike (Chairman)

Councillors: Mrs Blackett, Quantrill, Shimbart and Mrs Shimbart

Also Present:

Councillor:

Mark Gregory (Democratic Services Officer), Nicholas Rogers (Democratic Services Assistant) and Craig Smith

Councillors: Buckley, Francis and Ponsonby

Apologies: Kerrin

	Action
<p>18 APOLOGIES FOR ABSENCE</p> <p>Apologies for absence were received from Councillor Kerrin.</p>	
<p>19 NOTES OF THE LAST MEETING</p> <p>The minutes of the meeting of the Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel held on 3 November 2016 were agreed as a correct record.</p>	
<p>20 HBC / EHDC SHARED MANAGEMENT PARTNERSHIP</p> <p>The Panel considered the responses to the questions for the Chief Finance Officer, which were circulated to all members. The Chief Finance Officer was also present to answer members' questions in relation to the responses.</p> <p>The following points were discussed:</p> <ul style="list-style-type: none">• The savings figures detailed the year-on-year gross savings at both Councils. These figures included more than just the savings achieved by the joint management arrangement.• There has now been a further restructure of the management team that is not reflected in the figures provided. This was an internal restructure led by the	

Chief Executive in Spring 2016.

- East Hampshire District Council achieved more savings than Havant due to having more third-tier managers in place prior to the restructure. EHDC also achieved further savings through the Joint Working Waste Contract with Winchester.
- Havant would likely achieve further savings than the figures detailed due to future commissioning contracts (i.e. Norse JVC, 5 Councils Contract).
- Risks concerning costs of staff travelling between sites had not materialised due to management being unable to claim expenses for this. Flexible working and good time management had also negated this risk.
- The Chief Finance Officer and Deputy Finance Officer would be the only retained members of staff for Finance under the terms of the Five Councils Contract. The recruitment process for the Deputy Finance Officer was underway.

The meeting commenced at 1.00 pm and concluded at 1.41 pm

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Notes of the Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel held on Friday, 9 December 2016

Present

Councillor: Pike (Chairman)

Councillors: Quantrill and Shimbart

Also Present:

Tom Horwood (Executive Director) and Nicholas Rogers (Democratic Services Assistant)

Councillors: Francis and Ponsonby

Apologies: Councillors Mrs Shimbart

1 MINUTES

The Minutes of the meeting of the Marketing, Business Development and Five Councils Scrutiny and Policy Development Panel held on 28 November 2016 were agreed as a correct record.

2 HBC / EHDC PARTNERSHIP

The Panel discussed with Tom Horwood, Director of Strategy and Governance, the strategic impact of the EHDC/HBC shared management arrangements.

The following points were discussed:

1. the Partnership had a greater resilience giving both Councils greater flexibility in allocating resources. The alternative would require the Council to second staff using powers set out in the Local Government Act 1972, which could be a lengthy process;

Examples:

- the local plan teams had benefited from the new arrangements enabling better planning and the allocation of staff to areas of need; and
- the Health and Safety Officers for each Councils deputised for each other for leave and sickness cover.

Action

2. the shared arrangements had reduced the problems associated with having too many managers. Although Havant had a small headcount it achieved a large delivery;
3. the Council was preparing a joint response with East Hampshire to a request from an All Party Parliamentary Group for District Councils on their experiences of collaborative working. The Council was in a unique position to provide experience on this and would give the Council a greater visibility at Whitehall;
4. although the two Councils had different political structures and cultures they complemented each other;
5. the A3 motorway had developed into a crucial infrastructure link between the two Councils and also validated the logic behind the Partnership as a key connection between the residents of both districts;
6. the process would only work if there was a political will and the Councils provided similar services;
7. a training programme to support the shared management arrangements was in place;
8. additional support was given to managers new to local government;
9. there had been high turnover of staff which although familiar to Havant was unusual for East Hampshire;
10. there had not been dip in performance by either Council;
11. managers and staff had worked to make the partnership work and ensure that the risks identified were not realised;
12. there was a sense of staff embracing the changes and seeing the new arrangements as an opportunity to improve;
13. although at times it appeared that more resources were being allocated to one Council than the other, in the long term the resources and costs were allocated evenly across both Councils and the arrangement allowed for greater flexibility in allocating the

management team resource where needed. This process was not costly as it was factored into regular business planning;

14. although it was difficult to quantify the success of the share management arrangements, they could be considered innovative and had led to Norse South East Joint Venture Company;
15. Planning was initially a joint service. However it was decided to revert back to separate services due to the contrasting requirements of each council e.g. East Hampshire's local plan was affected by the South Downs National Park. The matter would be reviewed again future years;
16. changes in the political leadership at East Hampshire had impacted on the partnership with a full integration of the services being called to a halt. Political Leadership of East Hampshire was now more stable and good communication had been established between the two leaders especially in relation to the devolution proposals;
17. the risk of a reduction of managers having an adverse impact on the participating Councils had been reduced by an increase in delegation to staff and a greater of use of technology e.g. conference calling to minimise travelling to and from the two Councils;
18. there was a risk that the Council could lose its senior managers to Councils with more traditional management structures. Support and training had been introduce to minimise this risk; and
19. the Council could change some of its processes to meet new challenges.

It was AGREED that Panel members would submit any conclusions / recommendations for inclusion in the final report to Democratic Services by 5pm on Friday 16 December.

The meeting commenced at 3.30 pm and concluded at 4.34 pm

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