
NON-EXEMPT

HAVANT BOROUGH COUNCIL

CABINET

07 March 2022

Options appraisal and business case for withdrawal from Joint Management and Shared Staff Arrangements

FOR DECISION

Portfolio Holder: Leader, Cllr Alex Rennie

Key Decision: Yes

Report from the Chief Executive and Head of Paid Service, Kim Sawyer

Report Number: HBC/032/2022

1. Purpose

1.1. This paper is submitted to Cabinet, by the Council's Chief Executive:

To consider the options related to, and the business case for, withdrawing from the inter-authority agreement between East Hampshire District Council and Havant Borough Council dated 31 January 2012 (the Joint Management Team and Shared Staff Agreement, referred to herein as "JMTA"), which sets out the basis for a joint management team and for sharing staff resources across both organisations.

2. Recommendation

2.1. Members are requested to recommend the following to Full Council for consideration and approval

- a. To approve the preferred option for the future of the Council as set out in the Options Appraisal and Business Case (Appendix 1).
- b. To approve the outline business plan for the delivery of the preferred option, as set out in the Options Appraisal and Business Case (Appendix 1).

- c. To note the findings of the independent report by CIPFA (Appendix 2) into the affordability of the option to end the Joint Management Team Arrangements.
- d. To approve the arrangements for managing transition as set out in section 7 of the Options Appraisal and Business Case (Appendix 1), and that the Chief Executive be delegated authority, in consultation with the s151 Officer, Monitoring Officer and Head of OD, to develop and implement a robust transition plan, including the entering into contracts or variation agreements which may be required.

3. Executive Summary

- 3.1. On the 26 January 2022, Havant Borough Council determined to withdraw from the Joint Management Team Agreement, subject to a business case being reported to the next meeting of the Council exploring the risks, issues, benefits, and costs of the withdrawal and further exploring those in light of a proposed reduction of the 24 months exit period.
- 3.2. Accompanying this report, in Appendix 1, is the stated business case, which is supported by an options appraisal, which underpins stated recommendations. This case has been developed jointly between the two Authorities, though a case for each is presented separately and distinctly.
- 3.3. The case submitted provides a weighted perspective on options available to the Council for future direction, and, in the subsequent case, provides a structured and evidenced perspective on key elements based around the Green Book Five case model. At this time, the focus is on the Strategic, Economic, and financial perspectives. These provide the basis for recommendations made to Members.

4. Additional Budgetary Implications

- 4.1. These are detailed in the accompanying options appraisal and business case (Appendix 1).

4.2. The CIPFA report states that the Council has the financial resources available to enable the delivery of the proposed separation of the two Councils, however there are a number of significant risks identified with the proposed separation which are set out in the report.

4.3. At its Council meeting on 23 February 2022 the members unanimously agreed to set up a Budget Working Group in response to concerns raised by the Chief Finance Officer to the deficit in the MTFFS. It is proposed that the Budget Working Group should meet with CIPFA to fully understand the financial risks outlined in their report and should address those risks through its work to deliver a financially sustainable proposal on the MTFFS to the Cabinet.

5. Background and relationship to Corporate Strategy and/or Business Plans

5.1. Havant Borough Council agreed a refreshed Corporate Strategy for 2022 to 2025 on 23 February 2022. This updated on key Council Priorities and immediate, medium- and longer- term actions to deliver these. The basis for the recommendations in this paper are firmly linked to strategic delivery. The rationale behind this is fully explored in the options appraisal and business case (Appendix 1).

6. Options considered

6.1. These are detailed in the accompanying options appraisal and business case (Appendix 1).

7. Resource Implications

Financial Implications

7.1. These are detailed in the accompanying options appraisal and business case (Appendix 1). This covers affordability and costs of the decision to enable delivery of balanced budgets in the future. Future work will give further details of financial expenditure for the Council going forward. These will reflect the Council's future operating model, which will be determined by each Authority and will be within the

context of future plans for transformation. Additionally an independent report by CIPFA (Appendix 2) has been produced which reviews the affordability of the option to end the Joint Management Team Arrangements.

Section 151 Officer comments

Date: 25.02.22 Matthew Tiller

The options appraisal and business case set out the affordability and costs of the decision

7.2. *Human Resources Implications*

Initial consideration of these are detailed in the accompanying options appraisal and business case (Appendix 1). Beyond the detail laid out, implications here will be considered further to plans laid out by both Councils for their future structures.

7.3. *Information Governance Implications*

Matters here will need to be considered in the context of any revised arrangements which may arise between any Authorities working in partnership. There are considerable potential impacts in terms of data sharing, which will need a detailed assessment, with appropriate provisions to be put in place, when practicable.

7.4. *Links to the Shaping our Future Programme*

Initial consideration of this is detailed in the accompanying options appraisal and business case (Appendix 1). Beyond the detail laid out, further plans will be determined by each Authority, in the context of any future plans for transformation.

Shaping our Future Lead comments

Date: 28.02.2022

This business case and options appraisal recognise the need for transformation and set out both the challenges and opportunities for the Councils

Other resource implications

- 7.5. The Options Appraisal and Business Case does not commit resources in itself but provides the framework for the allocation of resources by Cabinet

8. Legal Implications

- 8.1. These were laid out in the paper issued in support of the proposed withdrawal from Joint Management and Shared Staff Arrangements, considered on 26 January 2022, and are noted in updated form below.
- 8.2. On the 1st October 2010 a Joint Management Team was established across both Councils. On the 1st October 2011 the new Service Managers took up their posts to manage services across both Havant and East Hampshire Councils.
- 8.3. The JMTA continues in force until terminated either unilaterally by one Council acting by its full Council only after a decision by one or both of the individual Cabinets that the withdrawing Council is unable to accept or by agreement by both Councils acting by the full Councils on the recommendation of one of the Cabinets.
- 8.4. In the event of withdrawal from the JMTA the consequential costs, including costs of recruitment selection administration, but not salary costs after the termination date, shall be apportioned equally between the two Councils and each Council will indemnify the other Council in respect of the Council's share from and against any

actions or causes of action, claims, demands, proceedings, damages, losses, costs, charges and expenses whatsoever arising from or in connection with termination or withdrawal.

- 8.5. In the event of withdrawal from the JMTA, it sets out that both Councils shall cooperate in terminating modifying restructuring assigning or novating contractual arrangements entered into, to mutual advantage, and properly and in a timely manner execute any documents necessary.
- 8.6. There is provision within the agreement for dispute resolution in the event that the Leaders of the Councils in conjunction with the Chief Executive are unable to resolve any dispute. Any such unresolved dispute may be referred to an arbitrator appointed from the Chartered Institute of Arbitrators or such other professional body appropriate to the matter in dispute.
- 8.7. As a consideration of the process for withdrawing from the JMTA, and in accordance with the Conflict of Interest Policy of both Councils, separate legal officers have been allocated for each Council to ensure independent and confidential advice can be provided when and as required.

Monitoring Officer comments

Date: 24.02.22 D Toohey

Legal Implications are set out above in the body of this report. The Options Appraisal and Business Case, in addition to the independent report by CIPFA on this matter, set out key issues which the Council will need to address as it transitions away from the existing JMTA and shared arrangements.

9. Risks

- 9.1. These are outlined in the accompanying options appraisal and business case (Appendix 1). A risk register is being compiled to manage the risks during the transition and the Corporate Risk Register is also being reviewed to ensure

corporate risks covering staffing, financial and operational matters have effective mitigations in place during the transition.

10. Consultation

- 10.1. These matters are being subject to full consideration by Cabinet and Council. Should material service changes arise, appropriate consultation protocols will be applied.

11. Communication

- 11.1. All appropriate papers and background material are published on the Council's website. Notifications and updates will be issued via the website and social media, as and when needed.

12. Appendices

Appendix 1 – Business Case and Options Appraisal
Appendix 2 – CIPFA Report

13. Background papers

- 13.1. None

Agreed and signed off by:

Portfolio Holder: Cllr Rennie 28.02.22

Chief Executive/Director : Kim Sawyer 28.02.22

Monitoring Officer: Daniel Toohey 24.02.22

Deputy Section 151 Officer: Mathew Tiller 25.02.22