

Havant Borough Council: Initial analysis of Business Case for ending Joint Management Agreement

Draft Report

18 February 2022

1. Introduction and Executive Summary of findings

Introduction

- 1.1. East Hampshire District Council and Havant Borough Council have decided to end their joint management agreement. The two Councils announced in January 2022 that they were looking to end their 12-year partnership to set up their own management teams.
- 1.2. We were asked to provide some initial assistance to quantify a number of issues related to the potential impact of this decision, and the likely requirements going forward, for each Council separately as part of the development of Business Cases that could be put to both Councils for a final decision.
- 1.3. Our initial work was to be completed by 18 February 2022 to assist in the construction of the Business Cases.
- 1.4. We were supplied with significant material for us to review. In addition, we commissioned our Data team to update the comparative financial details on both Councils.
- 1.5. We acknowledge the support we received from those who we interviewed, and those who supplied the documents.

Executive summary of findings

- 1.6. We recognise that a formal decision has not yet been made to end the Joint Management Agreement and that our work has involved reviewing rapidly developing documentation that is being compiled at pace. Our work therefore focuses on the risks for the Council in progressing with this matter at speed.
- 1.7. Our overall conclusion is that the Council has the financial resources available to enable the delivery of the proposed separation of the two Councils. However, there are significant risks to the Council, which we outline in the table below:

Risk Area	Assessment	Reasoning and suggested mitigation
Formulation of plan for the splitting of the Councils		<p>We think that the draft of the Business Plan being prepared does contain the appropriate material to ensure that Members are adequately informed in order to make a decision, except we think that an outline financial appraisal should include the anticipated costs of the split.</p> <p>The option to seek any alternative Strategic Partner is not defined sufficiently for members to reach a conclusion, and therefore</p> <p>we suggest that further work on that option is ceased pending a decision by members on which of the other options is acceptable. The Strategic</p>

		<p>Partner option can then be re-evaluated, if required, at some later stage.</p> <p>We have concerns about the breadth of the challenge of separating the services. We suggest that it is formally acknowledged that there should be an agreement that the split should be phased and that changes in individual services should only take place when both Councils are satisfied that there will be continuity of service.</p> <p>We would urge that by the end of March 2022, there is a cross Council agreement on the principles of staff retention and treatment through the splitting process.</p> <p>We urge the Council to be pragmatic about the nature of the split and to accept that for some services, at least in the short term, the continuation of joint service teams may be the best option in the interests of service delivery. To assist this we suggest a comprehensive Section 113 agreement is agreed to replace the Joint Management Agreement.</p>
Preparedness of the organisation to deliver Business as Usual		<p>We are concerned that the Council currently has joint teams with East Hampshire Council and we are encouraged by the commitment of both Chief Executives to develop and agree plans for a phased implementation of changes to ensure that there is no disruption to service delivery.</p> <p>Whilst the majority of staff have clarity on their employment status we are aware that in some teams there is an imbalance of structure, skills and experience. We would urge that to overcome this the Council undertakes an early and comprehensive skills audit to identify any potential shortfalls that can be immediately overcome by additional temporary posts.</p> <p>We would suggest that there is no commitment to any new IT developments with the IT support contractor, and that additional resources are engaged, independent of the existing IT support contractor to identify the applications and data consequences of the split.</p>
Adequacy of financial resources to support splitting of the Council over the MTFS period		<p>We are not fully satisfied that the Council has sufficient resources within the Medium Term Financial Plan period to implement the emerging plan to split from East Hampshire Council. We would urge an immediate review of the need for a provision for possible pension contributions and whether some earmarked reserves are needed in the short term so that there may be some reallocation to assist in the requirements of the split, before there is any further new capital spend. Additionally, we would want the Council to consider reviewing its likely Council Tax take to reflect any growth in the tax base to establish clearly the action it needs to resolve any possible deficit over the MTFS period.</p> <p>We think that the Transformation reserves available are overall sufficient to meet the requirements that will arise, but we would urge that within the next three months the Chief Executive provides the Cabinet with a detailed proposal to use the reserves including the consideration of any temporary additional staff and enhancements for staff who continue with the Council throughout the period of the split.</p> <p>We think there may be an ongoing requirement for additional posts at a senior level that will put further pressure on the Council finances.</p> <p>We suggest the Council should plan for a formal revision of the 2022/23 budget in the Autumn 2022 to represent a target point for an assessment of the financial consequences of the split and the achievement of the Council savings targets. We are encouraged by the proposal to create a budget working group.</p>

Capacity of organisation to implement splitting of the Councils.

We think that the Acting Chief Executive has taken appropriate steps to secure additional capacity to assist delivery of the split. We would encourage the early appointment of a Section 151 Officer and Monitoring Officer and the confirmation of a senior management team below the Acting Chief Executive to give certainty and commitment. We are concerned, however, that the Council has ambitious transformation plans intended to be delivered by April 2023. We think the Council should keep the phasing and the timescale for delivery under review in consideration of the workload that will be generated by the split.

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2. What is our view of the overall financial position of the Council: short term (2022/23); medium term (the current MTFP period); Long term.

Short term

- 2.1 The Council have provided us with an overview of the Councils net revenue spend for 2022/23. This totals £14.431 million.
- 2.2 This was an increase from a budget of £13.593 million set for 2021/22. We noted that in Quarter 3 of 2021/22 monitoring, the Council is showing an overspend on budget of £211k.
- 2.3 The 2022/23 budget includes £0.985 million of savings. This breaks down as follows:

	Staff	Income	Efficiency	Service
TOTAL	294,943	182,221	14,500	493,907

- 2.4 We were provided with a schedule of Fees and Charges for 2022/23 that shows a variety of levels of increase depending on the service area. The Council had required them to be reviewed by Service Heads and recommended for increase where appropriate. In many cases the increase exceeds 5% and there are a significant number of new charges.
- 2.5 The net service expenditure is funded by:

Business Rates Retention	(4,293)
Section 31 grant	(1,992)
Levy payment	1,016
Business Rates Collection Fund (surplus)/Deficit	0
Council Tax	(9,113)
Council Tax Collection Fund (surplus)/Deficit	0
General Grants	0
New Homes Bonus Grant	(474)
Other Financing	0
Lower Tier Services Grant	(150)
New Service Grant	(231)
Contributions to/(from) Earmarked Reserves	806

- 2.6 We were supplied with the detail of the reserves of the Council:

Type	31/3/22
Earmarked reserves	£15.920
General Fund	£3.509

Capital Reserves	£26.197
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- 2.7 The earmarked reserves are primarily as a result of expenditure from Section 31 and Covid reserves. There is a Financial Management reserve of £3.867 million.
- 2.8 By 31 March 2022, The Council will have £44 million invested in short term accounts, with no longer term deposits maturing beyond 12 months. There was external borrowing in place as of January 2022 of £3.2 million, which represents the balance of PWLB borrowing for the refurbishment of the Plaza.
- 2.9 The Chief Financial Officer for the Council has advised the Council, in respect of the 2022/23 budget that *'I must draw to the attention of Members a number of concerns which I have raised within the main body of my report regarding financial risk and future financial sustainability. Primarily the proposition agreed by Council to withdraw from the Joint Management Agreement with East Hampshire District Council and the impact of that decision of the Shaping our Future Programme.'*
- 2.10 Also, that *'The current reserves position is adequate, but I do not believe them to be sufficient to provide the necessary long term financial stability and support without a credible plan in place to tackle the deficits and pressures within the revenue budget.'*
- 2.11 We have been shown a proposed response by the Cabinet to that advice. Essentially it is through the creation of a process involving a Member Working Party to oversee discussions on the nature of service delivery required going forward and an officer working group, all to be brought together in time for the 2023/24 financial year.

Medium Term

- 2.12 The Council's MTFS demonstrates that:
- Net service expenditure will rise to £17.641 million by 2026/27;
 - Of the increase in net cost over the period of £3.193 million, £0.543 million is required for extra costs in Strategic Commissioning and £2.650 million is required for inflationary pressures;
 - The MTFS makes no forecast of any savings;
 - On the income side Business Rates yield will increase by £0.602 million; Council Tax yield by £0.950 million; New Homes Bonus will disappear and the levy payment will increase by £0.04 million;
 - The Council is planning to add £0.806 to earmarked reserves each year;
 - By 2026/27 there is expected to be an in-year deficit of £2.664 million and over the four years of the MTFS, the cumulative deficit will be £8.070 million;
- 2.13 The Capital Plan for the Council to 2026/27 demonstrates that with the exception of £0.4 million funded from specific reserves, the capital plan is

entirely related to Disabled Facilities Grants. We were provided with a list of previously unapproved and new bids for capital totalling £1.190 million. The Council's Treasury Management strategy anticipates no borrowing during the period of the MTFS.

- 2.14 We were supplied with the detail of the forecast for reserves of the Council:

Type	31/3/22	31/3/27
Earmarked reserves	£15.920	£14.026
General Fund	£3.509	£2.232
Capital Reserves	£26.197	£26.197

- 2.15 Following the use of Covid related earmarked reserves in 2022/23 the Council adds each year to the Pensions Resilience reserve. Notable is the annual contribution of £0.806 million to earmarked reserves. General Fund reserves reductions start in 2024/25. In the budget report for 2022/23 it was stated *'There is a single un-ringfenced Capital reserves available with a current balance of £10.3M mostly derived from the sale of land at Brockhampton West.'* This is available from 2022/23. We would urge that the Council should put any use for this in abeyance until such time as the Medium Term Financial Plan is in balance.
- 2.16 In the budget report for 2022/23 it was stated that *'The un-ringfenced covid financial support grant of (£2.1M) will now be set aside to support transformation and if required costs associated with the withdrawal from the Joint Management Agreement with East Hampshire District Council.'*
- 2.17 In the budget report it was stated *'However, the medium to longer term financial position is not sustainable for the Council and the Chief Finance Officer has advised the Cabinet Members that they need to now make significant in roads into the delivery of a robust and credible plan to reduce expenditure.'*
- 2.18 We have seen a document which is a draft of a Cabinet response to the Chief Financial Officers comment in the budget report intended to be a *'recommendation to Council to introduce measures to create a 'credible plan' for management of the budget and medium term financial strategy.'*
- 2.19 This correctly highlights the balanced budget for 2023/24 and the forecast budget deficits from 2023/24. It proposes to respond to our view of the affordability of the decision to withdraw from the Joint Management Agreement. It places a large reliance on a programme of transformation known as 'Shaping Our Future' which programme is about to enter phase 4, which is likely to have a significant budgetary impact in 2022/23 suggesting the Cabinet must therefore make an immediate decision as to whether the Shaping Our Future Programme will provide the budget returns necessary and in sufficient time to address its budget deficit.
- 2.20 The paper accepts the decision to exit the Joint Management Agreement will also bring additional costs at senior management level as costs for

those posts will no longer be shared. The Acting Chief Executive has committed to bringing a future senior management structure to Council for decision by end of May or as soon as possible afterwards. The paper says that for the two key contracts with Capita and Norse South East, the Acting Chief Executive and the Leader will meet with senior members of the contracting parties to re-establish working relations with those providers and to review the value for money offered by those contracts. Also, a service review to meet budget challenges is essential.

- 2.21 The paper also proposes that members selected from across the Council are asked to participate in a Budget Working Group to review service budgets with officers for the purpose of proposing service changes and there will be an officer working group in support of the member led group. This officer group will establish a target operating model for the Council.
- 2.22 The paper also points out that The Council has been identified as part of the Solent Freeport area and The Council has been identified as one of the towns to receive support from the Government's High Streets Task Force.
- 2.23 We reviewed the projections of Council Tax yield over the MTFS period. We noted that there is no increase predicted for growth in the tax base and we think this needs to be addressed.

Long term

- 2.24 We have no information on the long term financial expectation of the Council beyond the MTFS period.
- 2.25 The Council's Capital Strategy says that it is '*presently not actively seeking to generate additional revenue income through the purchase of new investment properties.*'

3. What is our view of the financial needs of the Council to ensure sustainability in the long term?

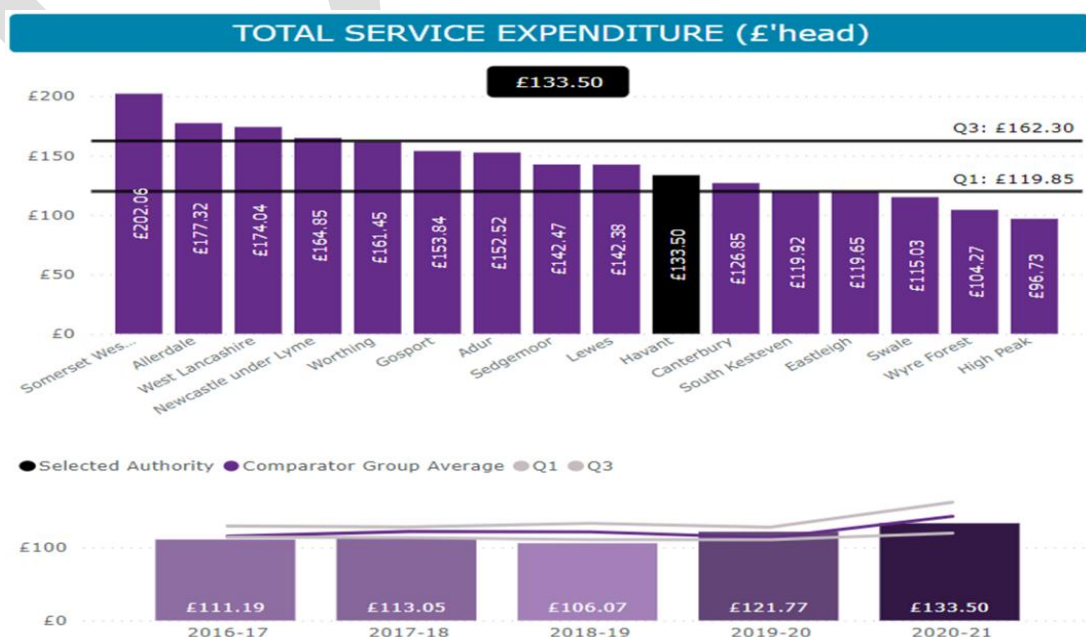
Need for resources

3.1. CIPFA undertook comparative financial analysis of the Council in 2019, based on the 2017/18 financial year. The main findings were that:

- In the 2017/18 outturn the average shire district spent £117.27 (Near Neighbours £117.97) per head of population, the Council spent £113.05.
- The trend since 2011/12 shows that the yield from Highways and Transport Services has increased significantly and the cost of Housing Services, Cultural and Related Services and Environmental and Regulatory Services have reduced and Planning and Development Services costs have decreased and in 2017/18 generated a surplus. Central Services costs have increased by 73% and are now double the shire district average.

3.2. For this report we have updated our comparative analysis using only Near Neighbour comparisons and focussing on service expenditure, Council Tax yield, reserves, debt and sustainability. We recognise that the 2020/21 figures for individual services will be impacted by the consequences of the pandemic. The main headlines are below:

- Overall Service expenditure per head has risen by 18.1% but is below average against Near Neighbours.



- The trend in service costs per head is generally upwards, the surplus from Highways and Transport has more than halved and Housing costs have quadrupled (both reversing the trend of 2011/12 to 2017/18) and both are now in the most expensive quartile; Environmental and Regulatory Services costs have virtually doubled and Planning and Development Services costs have risen significantly, both services reversing the previous trend. The same reversal of trend applies to Central Services costs that have more than halved.

Availability of resources

3.3. CIPFA undertook a comparative financial analysis of the Council in 2019, based on the 2017/18 financial year. The main findings were that:

- Compared to a cumulative average increase for all shire districts, in Council Tax of 15.3% since 2011/12, the Council has increased the rate of Council Tax only by a total of 7.97% and as a result, compared to the average shire district which funds 63% of its net current expenditure from Council Tax, the Council funds 59.11%.
- In 2017/18, the Council was holding reserves at a level common to most other shire districts and would rate a medium/high resilience index over the period reviewed. The Council was one of only a third of councils that do not have reserves totalling more than their net revenue expenditure.

3.4. For 2020/21 however:

- The Council now only covers 51.3% of its expenditure from Council Tax putting it in the lowest quartile compared to Near Neighbours.
- The Council has the worst level of reserves compared to net revenue expenditure of the comparators. However, the Council has low external debt.

3.5. The Chief Financial Officer has advised the Council, in respect of the 2022/23 budget that *'I must draw to the attention of Members a number of concerns which I have raised within the main body of my report regarding financial risk and future financial sustainability. Primarily the proposition agreed by Council to withdraw from the Joint Management Agreement with East Hampshire District Council and the impact of that decision of the Shaping our Future Programme.'*

Potential impact of the split of services

3.6. We have reviewed the cost of the two Councils services side by side. The following table identifies the cost per head of both for 2020/21.

Service	East Hampshire	The Council
Highways & Transport	-£1.70	-£2.52

Housing	£15.53	£28.95
Culture	£7.37	£0.79
Environment & Regulatory Services	£40.98	£53.12
Planning & Development	£43.39	£18.42
Central Services	£22.76	£34.73

- 3.7. This suggests to us that the services are significantly differentiated and therefore splitting them requires an individual analysis of the capacity of each service to stand alone or to remain as a single service. For example, the Culture Service is unlikely to have the capacity to operate independently.

4. What is our view of the likely cost implications of the ending of the joint management agreement – what is the expectation of extra costs that will/may need to be incurred?

- 4.1. In principle both Councils are agreed to the split taking place and accept that this is a joint enterprise. We were supplied with details of the staffing structure and noted the detailing of the allocation of posts in terms of which Council each staff member is employed by and where their role is shared.
- 4.2. We noted that at Service Head level this creates an imbalance with a greater number of the postholders being employed by East Hampshire. In discussion, the potential difficulties this may cause are recognised.
- 4.3. In our view the Councils are short of senior managers, and the split could exacerbate this shortage. We understand this view was also taken by the LGA in their Decision Making Accountability analysis. We suggest there could be an ongoing revenue commitment if the Council needs to fund management at tiers 2 and 3.
- 4.4. We comment elsewhere on the HR implications of the split but we recognise that there will be significant pressure on this activity across both Councils and we envisage that this will create a requirement for extra resources in this activity area.
- 4.5. We also reviewed the shared Contracts list. We note that the main areas of sharing relate to employees and technology. The listed value is around £750k. We do not see the separation implications as insuperable. The Norse Contract is a special case and we understand that the Acting Chief Executive has already made contact with the contractor to discuss issues related to their performance.
- 4.6. We note however that the challenge to separate ICT could be more complex. Most of the systems and applications are, we understand, bespoke and service specific, and so separation should not be too complicated. However, separation of the ICT support contract with Capita could be more challenging.
- 4.7. We can foresee that there will be extensive work required to review all applications for suitability and protocols will need to be developed to manage data security and data use.
- 4.8. We envisage that the Council may have to recruit resources to manage the process of disintegration and the establishment of new systems. This may require investment in new technology.

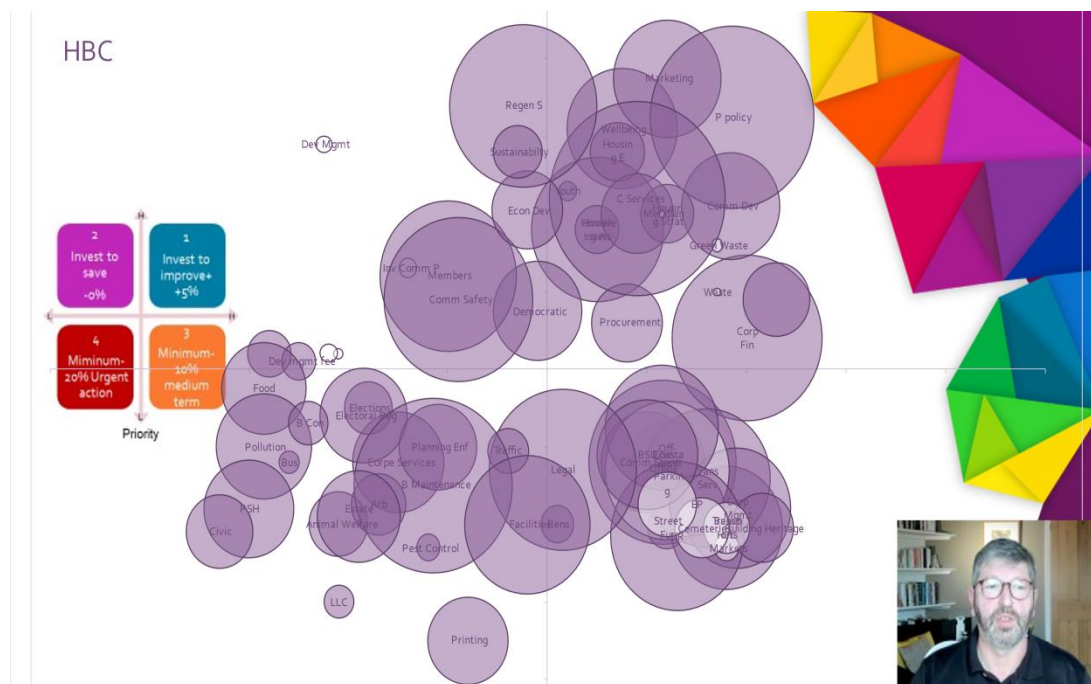
- 4.9. The Council has earmarked £1.95 million of reserves (available following the pandemic support from HM Government) to fund the change in the Council.
- 4.10. We are aware that the Acting Chief Executive has already sought to bolster her senior management from outside the Council. We understand this will give extra financial expertise and we understand that support for transformation will be continued. We think that the early appointment of a Section 151 Officer and a Monitoring Officer is critical. Other areas we think are critical to secure resources are human resources, procurement and contract management, and business planning. Going forward we can see the Council will need to bolster its resources for Planning and Regeneration.

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5. What is our high level view of the strategic options (including those already identified) and Business Case?

Strategic Options

- 5.1. Prior to the establishment of any strategic options, we believe that the Council needs:
 - To establish the 'baseline position' (cost/performance/outcomes) for service delivery;
 - To demonstrate the likely financial position for the period of the MTFS, and to be satisfied that it will remain a viable Council for at least 10 years based on the best available data;
 - To outline the corporate requirements that demonstrate how the Council can best respond to the needs of its community:
- 5.2. This will form the detailed analysis that will form the backdrop to the assessment of any options.
- 5.3. The Council has embarked on a transformation programme designed to bring about significant change in the way it functions. The plan that was accepted in July 2021 described the initial phase of the programme as being internally focussed; gathering insights into how the organisation functions, and building the capacity for change.
- 5.4. As this 'mobilisation' phase draws to a close, and as the 'redesign' phase begins, a paper for the Council called 'Shaping our Future -Transforming key processes' outlines the changes in key corporate processes and describes the transition arrangements for moving from pre-existing systems to new ones, and any bridging arrangements that will need to be put in place to ensure that the Council continues to function and deliver during the transformation period.
- 5.5. We reviewed the Councils current performance and noted that against its own targets there is a mixed picture of RAG ratings of 'green' and amber' with limited 'red' ratings. In most of the critical public facing areas the ratings are positive overall, but are less so for internal activities.
- 5.6. In furtherance of the transformation process we have seen a document called '**Transformation and budgets 22/23-25/26**' which describes the outcome of an exercise designed to achieve a 5% reduction in overall service expenditure. The slide below models this:



- 5.7. We have heard how the programme was created and the work that now gives the Council a platform to implement change and derive permanent benefit from better understanding of service delivery, costs and outputs that will result in improved performance management. Our view is that this provides a sound basis for the Council to manage a transformation in service delivery.
- 5.8. Our understanding is that this would potentially involve a shift of around £1.8 million across the budget of the Council equating to nearly 15% of spend and the breadth and scale of this presents a very significant challenge for the Council overlaying the need to make budget savings.
- 5.9. We have been told that implementation is effectively on hold until after senior managers are in place. We understand that may not be until May when their first priority will be to create their teams, ensure Business Continuity and achieve their budget targets.
- 5.10. We think that the transformation targets will be challenging when a major restructuring is underway, with new staff arriving and staff developing new ways of working. Also, whilst the ambition to reprioritise spend and achieve transformation is appropriate, in our view this may have to take second place to making the savings that will provide a sustainable financial future.

Business Case

- 5.11. We would expect the business case for each Council to reflect on the following:
 - Ensuring sufficient capacity exists to deliver commitments made;

- Ability to respond to the new policy direction of any elected Government for the improved outcomes for its communities whilst being able to shape, influence and deliver for the community;
 - Sufficient strategic capacity and a strategic structure to ensure that the organisation can deliver the ambition of its politicians;
 - Focus on the opportunity it can offer, and provide, to its workforce;
 - Agility and responsiveness to the modern day demands of local government requiring innovation and transformation at ever increasing pace and scale;
 - Value for money and resident satisfaction.
- 5.12. We have seen the current draft of the content of the business plan for the Council and can see that it covers in considerable detail the reasons why the splitting of the Councils is desirable.
- 5.13. There is significant detail of the context in which the Councils find themselves and a drawing out of the differences between them. There is significant detail of staffing issues and the need to put in place appropriate structures that will make the Councils an employer of choice. There is also reference to potential continued sharing of staffing resources where it is sensible to do so.
- 5.14. We think that the draft of the Business Plan being prepared does contain the appropriate material that ensures that Members are adequately informed in order to make a decision. We do however feel that there is a lack of financial detail of how much each Council expects the split to cost. We accept that given the speed at which this process is being undertaken, this is understandable. However, this is a weakness in the Business Case document as currently drafted, and should be addressed as soon as practicable afterwards.
- 5.15. We think there is currently insufficient detail of the financial cost of the split in terms of any possible delays in achieving planned savings; and of the costs of any interim and temporary staff. In our view a financial impact statement is a vital element of the Business Plan.
- 5.16. Also, practical details of governance, project management, risk management, public communications, staff relationships and asset management including ICT are currently missing. However, we accept that planning this to the detail required before a formal decision is taken could be potentially abortive expenditure.
- 5.17. In addition, we are of the opinion that the option to seek a Strategic Partner is not defined sufficiently for members to reach a conclusion.
- 5.18. As a result, we suggest that further work on that option is ceased allowing for a decision by members on which of the remaining options is acceptable. Both Councils effectively already have a Strategic Partner and we have heard that the concept of continuing to 'share' for some services is under consideration. This needs testing first, before any other Strategic Partners are identified.

- 5.19. Also, we are not optimistic that there will be other Councils who can give the time in the short term to establishing a strategic partnership with either Council. We think that the Council needs in the short term to focus efforts on putting itself on a firm footing before embarking on another structural change. The Strategic Partner option can be re-evaluated once that is done.
- 5.20. We would urge that the Business Plan identifies clearly that the pace of change has to be realistically measured to ensure business continuity for both Councils.
- 5.21. The Council has three major priorities to achieve in the next financial year: the split of management; budget savings; and transformation and the 'credible plan'. We think these will be challenging to achieve and we suggest that the Council should plan for a formal revision of the 2022/23 budget by Autumn 2022 to represent a target point for an assessment of the financial progress that has been made. We welcome the proposal to create a budget working group which should assist in delivering this review.

6. What is our view of the speed and extent of any changes that need to take place in terms of the risk to the governance and resilience of service delivery?

- 6.1. Given that the Joint Management Arrangement has been in place for such a long time we think that an element of disruption to service delivery is highly likely.
- 6.2. Only one service, Building Control, is fully integrated, but other services will be problematic to split, such as HR and Finance, where the function is integrated and a split based purely on Council employment will create two services which are not functional. There are some posts that are singular in role e.g. a single Insurance Officer.
- 6.3. This is partly mitigated by the fact that staff are employed by one or other of the Councils and the majority are working exclusively to that Council. We are aware there is already an analysis of to which Council an individual officer directs their effort and, where that is split, the amount of their time they give to either.
- 6.4. Another mitigation will be to minimise the period of uncertainty. We are aware that in a strong labour market, as currently exists, an elongated transition period will create uncertainty. We are aware that both Councils are alive to this and have started to evaluate the potential to mitigate this. We think this is important as, for example, following the decision to end a joint management agreement between Breckland and South Holland Councils in February 2021, it was highlighted in July 2021, that the staff turnover rate was particularly high, but this *'had been down to the recent cessation of the shared partnership'*.
- 6.5. Actions that we have heard about include using the work of the LGA on spans of control and through 'Shaping the Future' to identify the Target Operating Model. Practical actions started include a 'Staffing Principles' document; seeking to give assurance to staff; and communicating as much as possible. However, we recognise there is much more to be decided such as whether the creation of new structures will move in parallel; will there be redeployment available across both Councils for anyone displaced; will any form of employment guarantee be given to staff; retention and motivation activities; and the timescales for the implementation of new structures.
- 6.6. We have been told that there is no 'one size fits all approach' to future service delivery arrangements and that if it is preferable to retain the existing team this can be agreed. We support this approach as, for example, following their decision to end their joint management, some Breckland Council officers continue providing support to South Holland District Council including: Legal Services Manager; Information Governance Officer; Lawyer (x2); Procurement and Contracts Manager (+

3 others) and Environmental Protection Business Support Officer. The officers would work on a 60/40 (BDC/SHDC) basis, except for the Environmental Protection Business Support Officer, where hourly charges will apply.

- 6.7. Further mitigation would come in the form of overarching project management that would have to be focused on the needs of both Councils. We understand that a Joint Management Committee under the terms of the Agreement, including an adjudication process, exists.
- 6.8. We think this needs to be supported by an appropriate body at senior officer leadership level focused on resolving cross over issues with an element of joint management of the process.
- 6.9. We would urge the Council to give the earliest possible consideration to the formal appointment of the statutory posts of Monitoring Officer and Section 151 Officer, even ahead of the agreement of a full Senior Management structure.
- 6.10. The Acting Chief Executive has been in place for only a short time, but we have seen demonstrable enthusiasm for the task in hand and a clear sightedness about the challenge that the Council faces.
- 6.11. The Acting Chief Executive demonstrated to us that she was urgently putting in place support that would assist her in delivering the change, such as talking to the Councils two main contractors, and seeking to recruit a person to provide high level financial support. Also, there have been discussions with people who have been involved in the splitting of shared arrangements to understand the pitfalls and issues that arose.
- 6.12. The Acting Chief Executive has given thought to the shape of the future structure with a greater focus on operational delivery. Restructuring the officer team will benefit from the work done for the Council on spans of control and layers of management.
- 6.13. The approach to change is initially focussed on leaving service teams alone where there is no good reason to change; where there would be minimal change; or where an easy split is possible. These are the 'quick wins' where change is mutually beneficial.
- 6.14. We noted that the Council has shown 'Medium Term Financial Strategy', 'Corporate Project delivery' and 'IT provision long term' as 'red' risks. We think that these need to be kept under review at the highest level although we note that £400k has been included in the budget to meet the needs for future IT.