

Cherwell District Council and South Northamptonshire Councils

Joint Commissioning Committee

21 July 2016

Business case for a Joint Property and Investment Service

Report of Head of Regeneration and Housing

This report is public.

The appendices are exempt from publication by virtue of paragraphs 1, 2, 3 and 4 of part 1 of Schedule 12A of Local Government Act 1972.

Purpose of report

This report presents the final business case following consultation for a joint Property and Investment service across Cherwell District and South Northamptonshire Councils (hereafter “Cherwell” or “CDC” and “South Northamptonshire” or “SNC” respectively).

The report recommends the formation of a two way joint Property and Investment service and in doing so seeks the Joint Commissioning Committee’s agreement for the staffing elements of the business case.

The proposal is part of the wider transformation programme across the two Councils.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider the responses to the consultation process with the affected staff and trade union representatives received as detailed in the consultation log (attached as Appendix 2) and from the Joint Councils Employee Engagement Committee (to be reported verbally), and determine whether any amendment to the business case is required as a result of them.
- 1.2 To note that the business case was considered and approved in respect of non-staffing matters by CDC Executive on 4 July 2016 and by SNC Cabinet on 11 July 2016.
- 1.3 To approve the staffing aspects of the final business case to create a joint Property and Investment service between SNC and CDC.

- 1.4 To delegate to the Head of Regeneration and Housing responsibility for implementation of the business case, including approving the costs of any potential redundancies, in consultation with the Chief Finance Officer, subject to the business case being agreed by both Councils.

2.0 Background

- 2.1 A joint working options paper setting out the strategic direction for the service was considered by the Transformation Joint Working Group in October 2015.
- 2.2 The service review paper set out the rationale for adopting a Corporate Property Management approach to asset management and for prioritising property investment to create new sustainable income streams.
- 2.3 This business case has been developed by Chris Stratford, Head of Regeneration and Housing with support from Hedd Vaughan-Evans, Business Transformation Project Manager and external advice provided by Cushman and Wakefield.
- 2.4 The Joint Commissioning Committee endorsed the draft business case for consultation with staff on 19 April 2016, having previously been discussed and endorsed by the Transformation Joint Working Group. The final proposal, amended in order to reflect some of the comments made as part of the staff consultation process and to update/correct some of the information included in the draft version, is attached as Appendix 1 to this report.

3. Report Details

- 3.1 Property represents the second largest corporate cost to the Councils after staff. Property is an enabler. It can support service transformation and organisational change. It can deliver economic growth and regeneration. Importantly, it can help meet budgetary and efficiency targets, including addressing the medium term revenue gap that will be significant by 2019-20.
- 3.2 However, the full potential of property has been neglected and opportunities unrealised. The importance of a strong property management regime has been undervalued and property decision-making has occurred at a service level. As a result, there has been no over-arching property strategy, no shared vision, insufficient commerciality and a lack of accountability.
- 3.3 This business case sets out the rationale for change. It proposes two things:
 - **That a single Joint Property and Investment Service be established adopting the Corporate Property Management approach to asset management across the Councils.**
 - **That a sum of £231,750 per annum be invested in the new Service to enable the recruitment of appropriate talent and skills.**

- 3.4 The benefits to be delivered by the new Joint Property and Investment Service will combine cost reduction, income enhancement, prudent capital investment and the realisation of capital receipts.
- 3.5 The Joint Property and Investment Service will become author and custodian of an over-arching joint Property Strategy for the Councils' property portfolio once approved by Members. As part of this over-arching strategy, Property Investment and Property Disposal Strategies will be prepared illustrating the potential benefits of a holistic approach to property decision-making and reinvestment.
- 3.6 The new Joint Property and Investment Service team will have the appropriate qualifications and skills to drive the strategies through to delivery so that the full potential of the joint Council's property resource is realised.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The recommendation is to establish a Joint Property and Investment Service between CDC and SNC.
- 4.2 The draft business case sets out the rationale for establishing the joint service and investing in the service to transform the way both Councils manage their existing assets and to provide the expertise to identify new investment opportunities for Members to consider in order to meet the medium term revenue gap.

5.0 Consultation

Group	Summary
All staff in-scope of the business case.	The consultation was positively received by the majority of staff. The majority of questions raised were in relation to individual roles, job descriptions and the HR process being followed. The consultation log will be considered by the Joint Commissioning Committee on 21 July 2016.
Unison Representatives from each Council.	Consultation has been positively received.
Joint Commissioning Committee (JCC)	Endorsed business case for staff consultation.
Transformation Joint Working Group	Endorsed business case for consideration by JCC.

- 5.1 Both Councils are committed to maintaining a strong, positive and inclusive approach to employee relations. With this in mind, it is important to explain at the outset that consultation with the affected staff and trade union representatives takes place prior to members' consideration of any business case or restructure so that

members can take account of any views/representations and /or issues as part of their decision making process.

The manner of consultation helps to reassure affected staff and trade unions that they do have a voice that will be heard by those who are responsible for making decisions. The timing, extent and approach adopted towards consultation are an important part of the process, particularly as the intention is always to facilitate a meaningful consultation dialogue.

Consultation with all employees, in scope of the proposal and the Unison representatives from both Councils, commenced on Monday 9 May and ran for a period of three weeks until the 29 May 2016 in line with the Councils Joint Organisational Change policy.

The consultation period included a joint initial meeting with employees of both teams along with Unison representatives and subsequent meetings with individuals as requested.

All responses received during the consultation period were recorded on a consultation log along with the answers provided.

No changes to the structure have been made as a result of the consultation feedback, however minor changes have been made to some of the job descriptions.

One member of staff challenged the fact that they had not been assimilated or ring-fenced to a post within the new structure on the basis that their job description was out of date. As a result, the current job description was updated and the employee is now ring-fenced to a position within the structure.

We would like to thank the staff who volunteered this information during the consultation process and those who helpfully enabled us to update the business case.

The consultation log of comments made by the affected staff and/or their trade union representatives, and the response of management is attached at Appendix 2 for members' consideration.

5.2 Summary of Consultation Process

The consultation process has generated a range of responses. In total, we received and responded to 26 questions, predominantly related to job descriptions and the proposed staffing structure and seeking clarification on a number of issues in the business case. A number of other individual and personal matters were also responded to. The consultation log responses received are summarised in the table below:

Category	Number of Responses	Description/Action
Assimilation and Ring-fence Issues	1	Question clarifying the implementation timetable. Response provided. No action required.

Business Case Issues	18	Questions predominantly related to roles and responsibilities within the structure. Two job descriptions have been reviewed and updated as a result.
Job Descriptions and Job Roles	7	Questions requesting clarification on specific roles. Responses provided. No action required.

6.0 Implications

Financial and Resource Implications

- 6.1 Section 14 of the draft business case sets out the financial implications.
- 6.2 The business case proposes (subject to job evaluation) an increase of £231,750 in staffing costs across both Councils.
- 6.3 Based on a cost allocation model the proposal represents an increase of £148,750 for CDC and £83,000 for SNC.
- 6.4 Although the proposal is an increase in base budget costs creating a single, properly resourced Property and Investment Service will deliver significant financial benefits to the Councils.
- 6.5 Based on the existing asset base only, the overall proposal is expected to be cost neutral as a result of increasing income and reducing expenditure on existing assets and through reduced expenditure of agency/consultancy staff and support. The figures estimated are based on a conservative estimate of savings and that we would expect the overall position to be improved upon in terms of a net outcome.
- 6.6 The structure also provides the basis by which we can significantly improve not only existing asset performance but potentially revenue income to the local authority based on a sound property and asset investment strategy agreed with Members.
- 6.7 There is a risk that the proposal could result in a small number of redundancy situations during implementation and that particularly in the first year savings don't match the additional costs. The implementation costs, as set out at 14.4 in the business case, are therefore somewhat higher than normal.

Comments checked by:

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HR Implications

- 6.8 It is the traditional approach of CDC and SNC to consult staff and the trade unions on a detailed staffing structure arising from any business case for change, prior to consideration by members. This has the effect of enabling members to consider the views and any representations of the staff and trade unions before making their final decision on any such proposals, and ultimately ensures that the Councils meet their

statutory obligations to undertake a meaningful process of consultation prior to a decision being made.

- 6.9 This model has the advantage of allowing staff to identify whether their existing jobs will be deleted; to consider the detailed job descriptions of any proposed new roles and to identify whether there are any opportunities for promotion or other career aims to be met. They can see whether their hours of work might alter, whether their salaries will change (up or down), or whether their work location will change. They are able to comment upon the proposals in the knowledge that members will give due regard to their comments before making a decision.
- 6.10 The expectation is that existing staff would continue to be employed by their current, respective authority under the pay, and terms and conditions of that employing organisation. New and revised job descriptions have been devised in order to standardise responsibilities across the two organisations. The new job descriptions have been through the job evaluation process at each organisation.
- 6.11 The implementation process will be in accordance with the joint Organisational Change policy. Specifically, due to the proposed number of new senior posts within the structure and the proposed investment in the service it is considered appropriate to advertise those posts both internally and externally to ensure the best possible candidates are appointed. As a result, the implementation process could potentially result in a small number of redundancies.

Comments checked by:

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Legal Implications

- 6.12 As with all two way shared services this proposal, if implemented, will be covered by the section 113 agreement (as varied) entered into between the two Councils.
- 6.13 Following the decision of CDC and SNC Councils in February 2015 to approve the final business case for developing the approach to joint working and the delivery of local authority services, all services at both Councils are now included on the policy framework for the consideration of shared working. This means that the decision making process has been streamlined as the Cabinet/Executive will be able to approve draft business cases for two-way shared working without the prior need of a decision of full Council.
- 6.14 A decision making timetable is included in Section 17 of the draft business case.
- 6.15 A redundancy situation will exist where the need for the employing council to undertake work of a particular kind has ceased or diminished.

Comments checked by:

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Risk Implications

- 6.15 Section 15 of the draft business case sets out the risk implications and how they will be mitigated.

Comments checked by:

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Cherwell: Sound budgets and customer focused council

South Northamptonshire: Serve the Residents and Business

Lead Councillors

Councillor Stephen Clarke, Portfolio Holder for Economic Development, Regeneration and Housing

Councillor Lynn Pratt, Lead Member for Estates and the Economy.

Document Information

Appendix No	Title
1 - EXEMPT	Joint Property and Investment Service – Final Business Case
2 - EXEMPT	Consultation Log
Background Papers	
None	
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