

# Council

## Twelve Month Review of Joint Working Arrangements

25 February 2013

### Report of Chief Executive

#### PURPOSE OF REPORT

The joint working business case referred to a review of joint working after twelve months. The Joint Management team was formed on 1 October 2011 and was followed by other shared services being established in a programme that is on-going. This report reviews the original targets and milestones against actual performance. It also sets out some of the 'softer' issues that have arisen as a consequence of joint working and shared services.

This report is public
-----------------------

#### Recommendations

---

Council is recommended to:

- (1) Note the review of performance for the first twelve months of joint working
- (2) Note the progress being made through the Joint Arrangements Steering Group on future joint working initiatives

#### Executive Summary

---

##### Introduction

- 1.1 *"This is not a merger of our two councils but a model that strives to show that working together is the best way we can deliver good quality services to our communities in the years to come. Cherwell and South Northamptonshire will continue to be two sovereign bodies with differences in policy and procedure as now."*

Extract from the foreword by Cllr Mary Clarke and Cllr Barry Wood to the final business case for joint working which was approved by Cherwell District and South Northamptonshire Councils in December

## **Background and Context**

- 1.2 There are numerous examples of shared services in local government. A recent study by the Local Government Association found that 95% are involved in one or more local arrangement with others for the provision of services. There are, however, far fewer currently involved in joint working.
- 1.3 There are 46 councils which have a joint Chief Executive (23 pairs). The majority of the joint Chief Executives work with a joint management team across both authorities. There are also several interim arrangements in place whereby a CEO provides cover to another authority, including a three-way agreement between Luton, South Holland and Breckland Councils.
- 1.4 Most of the 46 councils are districts and boroughs, although there is one pairing of London boroughs - which are unitary councils. Most pairings include councils with a similar political make-up and the majority are pairings within county areas. There are, however, a growing number of cross-regional pairings, such as CDC and SNC.
- 1.5 The number of pairings has not increased recently, although there are suggestions that several councils are talking to neighbours and others and it is generally expected that there will be an increase in activity following the recent announcement of the provisional grant settlements for local government in December.
- 1.6 The Joint Chief Executives are members of a network facilitated by the Local Government Association (LGA) to support those in such posts and to share the learning within the network and beyond. Leaders were also invited to a recent meeting and it was agreed that the LGA should be asked to establish a Special Interest Group for councils that share a CEO, which would then act as a lobby group with the intention of talking to ministers and other councils to spread best practice.

## **Performance to Date**

- 1.7 The business case for joint working included a number of financial targets, which have since been incorporated into the 2011/12 and 2012/13 budgets and the Medium Term Financial Strategy, and also a series of recommendations as shown below. The recommendations are in italics and followed by the performance to date.
  1. *Both SNC and CDC will remain separate councils and will retain their sovereignty. Elected members of both councils will remain in*

*charge of decision-making, in line with their visions, strategic aims, objectives and priorities.*

Business planning, priority and budget setting are undertaken for each council separately. Although certain parts of each Council's constitution have been combined in the interests of consistency of procedure and risk mitigation (scheme of officer delegations, Contract Procedure Rules and Financial Procedure Rules) the respective governance structures and decision making process remain separate subject to the necessary exception of the Joint Personnel Committee.

- 2. CDC and SNC share a senior management team comprising twelve posts: a Chief Executive, three Directors and eight Heads of Service and that the final structure and responsibilities of the senior management team be agreed between the shared Chief Executive, once appointed, and members of both councils before further appointments are made.*

Appointments have been made to all of the senior management team posts.

- 3. Recruitment to the shared Chief Executive commences immediately, via an open recruitment process which will be supported by recruitment consultants appointed by both councils.* Veredus were appointed to support the process. Recruitment commenced in December 2010.

- 4. The shared Chief Executive is appointed in February 2011 and shared Directors and Heads of Service are appointed by July/August and September respectively, subject to the final structure being approved first by both Councils.*

Sue Smith took up the post in of shared Chief Executive in May 2011. Internal applicants for the director, head of service and three manager posts were appointed in October 2011. The remaining vacancy (Head of Regeneration and Housing) was advertised externally and Chris Stratford took up his post in February 2012. Shortly after the appointments were made, Anne-Marie Scott resigned and the post of Head of Transformation was advertised internally and externally. Jo Pitman took up her post in April 2012.

- 5. Officers appointed as the shared Chief Executive, Directors and Heads of Service be appointed on new terms and conditions to be agreed by the Joint Personnel Committee.*

New terms and conditions for the joint management team were approved by the Joint Personnel Committee in July 2011. All posts advertised after that date i.e. Directors and heads of service, were appointed on the new terms and conditions and the shared Chief Executive, who had been appointed on CDC terms and conditions moved to the new set on 1 October 2011.

- 6. SNC and CDC share three further posts – covering the functions*

*of communications, corporate performance and programme management – and that these posts be appointed to as soon as possible after the end of September 2011.*

Appointments were made to all three posts in October 2011.

7. *Officers appointed to the three other shared posts retain their current terms and conditions, with further consideration given to the remuneration levels for those roles in recognition of the new requirement to work across both councils.*

The three new posts were evaluated prior to commencement of recruitment and appointments have been made to all of the posts. The post holders remain with their previous employer and retain their previous terms and conditions.
8. *All successful internal candidates remain employed by their original employer, though in exceptional cases they may be employed by the other authority; successful external candidates to be employed by one or other employer on a case-by-case basis.*

All internal candidates have remained with their original employer. The one external candidate appointed in 2010/11 is employed by Cherwell and the two candidates appointed in 2011/12 are employed by South Northamptonshire.
9. *Both councils apply at the appropriate time to the Department of Communities and Local Government for approval to capitalise the costs of creating a shared management team in order to protect revenue resources as far as possible.*

Applications were made by both Councils but neither was successful.
10. *A Joint Personnel Committee be set up, supported by recruitment consultants, to recommend the appointment of the shared Chief Executive to both full councils and appoints to the Directors and Heads of Service.*

The Joint Personnel Committee has been set up and has conducted the recruitment to the new joint management posts, making recommendations to both Councils where appropriate.
11. *A Joint Appeals Committee be set up to hear any appeals related to the shared posts.*

The Joint Appeals Committee has been set up and has met when required.
12. *The Joint Working Group is disbanded and a new Joint Arrangements Steering Group is now set up to oversee the implementation of the above recommendations.*

The Joint Arrangements Steering Group has been set up and meets on a regular basis to review progress on joint working and to consider outline and full businesses cases for further joint working prior to consideration by each Council.

*13. CDC and SNC both sign on 9 December the Section 113 agreement to allow them to share a senior management team (including all statutory officers) and three other posts in the way proposed.*

Completed. In addition, an amendment to the section 113 agreement has been agreed by both Councils to allow for the future sharing of other staff, following the approval of business cases by both councils.

*14. SNC and CDC continue with their existing shared arrangements for service delivery for other local authorities, and these are reviewed either as they come up for renewal or as appropriate.*  
Action on this recommendation is on-going and has also included where existing contracts were due for renewal, such as the internal audit contracts which have now been combined and a joint contract awarded to PWC.

*15. Both councils look to build directly on the creation of a shared management team by extending partnership working, creating a confederation of local authorities and other public sector organisations (including health and police) which could collaborate in a model resembling a gateway contract or framework agreement for mutual benefit.*

Discussions have been held with several local authorities to determine their interest in such a model of working. Stratford-on-Avon District Council has expressed an interest in exploring the opportunities for joint working and there have been three joint member meetings to consider proposals. There are currently interim arrangements in place to provide Stratford with Monitoring Officer and Head of Legal services cover, as well as HR support. Outline business cases are being developed and will be presented to members at CDC and SNC in due course.

The Health sector is about to go through extensive organisational change and the potential for closer working will be explored more once the new arrangements are established. The creation of the Police and Crime Commissioner role and the Police and Crime Panel changed the organisational structure of the Police sector. Introductory meetings are being arranged with the two Police and Crime Commissioners, to include discussion on working arrangements.

*16. CDC and SNC agree to consider in due course individual business cases for integrating posts at the tier below Service heads, and teams below that.*

All service areas will be reviewed for the potential for joint working by the end of 2012. The Resources Directorate was considered first, and there are currently joint teams operating in the following service areas:

- Democratic and Elections
- Information Services
- Finance and procurement
- Performance management
- JMT Support
- Building Control

Outline business cases are being prepared for HR, Legal, Environmental Services and Programme Management.

Three member theme groups were established as task and finish groups to consider the potential for joint working in the other two directorates. The outcome from their work is shown below:

- Economic Development and business support – develop a share service business case for environmental health, asset and facilities management, and transport.
- Strategic Housing and Planning – it was agreed that planning and housing services should not pursue a shared arrangement at the moment.
- Community Engagement – develop a shares service business case for waste and recycling, street cleansing, vehicle maintenance and fleet management. Develop a shared business case for customer service once ICT has standardised and there is a common technology platform. Capture the benefits of joint working in relation to street scene/landscaping, fly tipping and leisure services (back office).
- Consider a shared fourth tier for Community Services

*17. Once SNC and CDC decide to consider service level business cases, they work towards a common set of terms and conditions for all staff below Service Heads so that these can be put in place early on.*

Work has just commenced on this aspect. It is a significant piece of work in terms of the resource required and will take some time to complete.

An invitation to tender has recently been issued to consultancy suppliers with a view to producing an options appraisal report around the potential harmonisation of terms and conditions of employees at both councils based upon the following four possible solutions:

- Harmonisation of Terms and Conditions, including pay for all staff
- As above, but for shared teams only
- Job matching for all staff
- Job matching for shared teams only

The report will address the cost, risks and resource implications of each option. It is anticipated that the work will be completed in

early April.

*18. Both councils receive an interim update in September/October 2011 and a post project report in September 2012, reviewing the implementation of these recommendations.*

An interim report was presented to the Joint Arrangements Steering Group and to both councils in January 2012 which is later than indicated above, but the implementation of joint working was later than initially intended and this, in turn, delayed the review. The delay was as a consequence of the external recruitment of the shared Chief Executive, which on the original timescale was due to be completed, that is having the post occupied, in February 2011. The recruitment commenced in December, interviews held in February and March and the post was occupied from mid-May.

The joint working business case included financial targets for the savings arising from the reduction in the number of senior officer posts, which in 2010 cost £2,647,000. The target to be achieved was £1,601,000 representing an on-going annual saving of £1,046,000. The cost of the new posts was to be shared 50/50. The annual saving for SNC would be £360,000 and £686,000 for CDC. This gives 5 year savings of £1.8m for SNC and £3.43m for CDC. The target savings have been delivered and exceeded even though the first step, that is the recruitment of the shared Chief Executive, was delayed by three months and this had consequences for later stages which in turn had an impact on the time from when savings would be made during 2011/12. However the annual savings that have been delivered for CDC are £806,000 and for SNC £397,000, giving a combined total of £1,203,000.

The one-off costs of moving to the new structure were estimated as between £817,000 and £1,693,000 with a mid-point of £1,384,000. It is the latter figure, the midpoint, that was used for budget purposes and if achieved would be paid back in 1.54 years for SNC and 1.21 years to CDC. The implementation costs associated vary depending on which staff leave the two organisations. Expenditure to date is £1,282,000.

The business case describes potential further savings from the tier below head of service – referred to as 4<sup>th</sup> tier, of between 15-25% as “probably achievable” and that they could deliver further annual savings from £168,000 to £280,000 for SNC and £294,000 to £489,000 for CDC. Further savings have been realised but not necessarily from the tier below heads of service. All service areas are being reviewed over a twelve month period ending in December 2012. The annual on-going savings achieved to date through the changes approved by JASG total £1,038,172, split £480,536 for CDC and £557,636 for SNC.

62% of these further savings have been achieved through the implementation of a shared Information Services Team, which through standardising and optimising infrastructure and ICT estate, CDC/SNC have created an important strategic platform that will enable them to start reaping the benefits of optimised future services. The councils can now transform to new ways of working, breaking down older, functional silos in favour of more standard, componentised business 'rules', that enable yet more sharing. The result will be thoroughly modern services that are cheaper, flexible, and citizen-centric.

Additional savings are expected from the business cases currently being developed, subject to their adoption by JASG and by both Councils.

A breakdown of the savings to date is given in Appendix A.

### **Other Issues and Observations Arising from Joint Working and Shared Services**

- 1.8 The move to a joint management team and several shared services has required a change in culture in both organisations, not only for the staff in joint posts, but also for other parts of the organisations. Some staff who work for one council now report to managers in joint posts and, therefore, the manager will not always be on the same site as the employee. Equally, from the management perspective, some joint managers have a single joint team reporting to them whereas others have two separate teams for each service area. Some of these reporting relationships may be resolved in the future through approval of shared service business cases, however, there are some service areas where this will not happen and in this instance a review is being undertaken of the structure immediately below the Head of Service in Community Services, as highlighted by the member theme group.
- 1.9 There are a few posts that are still reporting to two Heads of Service and the reporting lines need to be resolved.
- 1.10 One issue that has arisen as a consequence of the reduction in senior managers and the still relatively high number of single council teams is the frequency and effectiveness of team meetings. Consideration is being given as to how this could be addressed.
- 1.11 During the course of the first twelve months of joint working, technology has been used in the form of teleconferencing to reduce the cost and time of travel, both between the two sites and also with representatives from other organisations and councils. Further usage is being encouraged throughout both organisations. CDC also has video conferencing facilities, although its use is somewhat limited at the moment as it relies on the other party also having access to video



conferencing.

- 1.12 The joint Democratic and Elections team, working with the joint CEO, who is also the Returning Officer (RO) and Electoral Registration Officer for both councils, has demonstrated that it is possible to conduct a canvass for both councils at the same time (and at a different time of year under direction from the Electoral Commission) whilst maintaining high levels of return rates.
- 1.13 The joint team and RO have also administered several by-elections at parish, district and county level, a CDC 1/3 election (May 2012) and also, for the first time ever, Police and Crime Commissioner elections. This was the first occasion in which the RO and joint team have administered two full elections in two places at the same time and with a district by-election in CDC also on the same day. A standard project management approach was taken in the preparation for the elections and the canvasses and, overall, the administration of the elections went smoothly. The Electoral Commission has required the RO to report on a regular basis throughout the lead up to the PCC elections and also to produce a detailed report on performance against nationally set standards. The Electoral Commission has confirmed that all of the reporting standards have been met. The shared team is starting to plan for the implementation of individual electoral registration and Council will recall receiving a report at the December meeting on the potential resource implications of this.
- 1.14 Since the implementation of joint working, there have been some examples whereby it has been possible to do one piece of work for use at both councils. A recent example is initial work arising from the implementation of the Localism Act and the Community Right to Bid, such as the initial advice to members, although the community assets register will be different for each authority. However, in some other work areas, the issue may be the same but the local dimension means that it has to be done separately for each council. A recent example is the approach to business rates pooling and to council tax support, both of which were developed for either CDC or SNC, but the learning on each issue was shared across boundaries.
- 1.15 The Resource Review report, which was presented to both councils in January 2012, highlighted the need with the streamlined management team to have robust project management arrangements in place and to have an appropriate level of resources for each project and for the programmes. This is critical to ensure that both councils stay on track with the significant number of major projects that are currently underway. During the business planning and budget preparation, project sponsors have identified the need for additional resources for 2013/14, some charged to capital, where appropriate.
- 1.16 At the commencement of joint working, attendance at meetings by JMT was one of the issues that was discussed and agreed with members and a schedule produced indicating expected attendance at each of

the formal meetings of both organisations. Given that joint working has been operational for over twelve months, it would be appropriate to review the arrangements in consultation with the Leaders and the Chairmen of the relevant committees and groups, with the intention of reducing the time commitment on officers as far as is possible. Other revisions to working arrangements are also being made and with the welcome addition of the JMT Support Team, which has been gradually put in place from 1 September 2012, it is anticipated that the current culture of excessive working hours can be reduced to a manageable and sustainable level.

### **Performance at Both to Year End and to Date**

- 1.17 There is always a concern that when embarking on a major change programme, such as the introduction of joint working and a significant reduction in the number of management posts, that there will be a drop in performance during and shortly after the period of change. The end of year performance reports for both councils have not identified such a dip, nor have performance reports for the first half of 2012/13. In addition, the customer satisfaction levels for CDC, which had dropped in 2011, have returned to, or exceeded, the pre-2011 levels. The annual audit letters for both councils were 'clean' and the Investor in People review report for CDC in the summer noted that the organisation had undergone 'huge changes, to both practice and culture, over the last year ... it is impressive how they have kept up the principles of Investors in People in all areas but one ... and this is more a matter of time than a failure to understand the need to address this.'
- 1.18 National recognition has also been achieved. Cherwell District Council won the Innovation category at the 2012 Local Government Chronicle Awards and South Northamptonshire Council won the Finance Team of the Year in the same Awards. The two councils working jointly have been shortlisted in two categories for the LGC 2013 Awards, namely Business Transformation and Central Services Team of the Year, the final outcome of which will be known in March.

### **Future Direction for Joint Working and Shared Services**

- 1.19 The joint working business case referred to the creation of a confederation of public sector organisations as an extension of joint working. The current discussions and early working with Stratford can be seen as a step in this direction. However, the three-way discussions have highlighted the need to review and potentially revise the current model of joint working so that it is fit for purpose going forward. The two-way working is providing a strong base and has generated significant efficiencies, but the financial context for both councils has changed significantly from when the two-way working was first developed for SNC and CDC and now there is even more emphasis on generating efficiencies, innovative approaches and sharing best practice.

## Background Information

---

2.1 None

## Key Issues for Consideration/Reasons for Decision

---

3.1 None. This report is for information only.

### Financial:

There are no direct financial implications of this report. The savings delivered as a result of joint working are detailed in Appendix 1 and have been built into the Council's revenue budgets. It is expected that further joint working will deliver more efficiencies which will help address the medium term financial deficit that will arise as a result of demand for services and reductions in government funding detailed in the latest financial settlement.

Comments checked by Karen Curtin, Head of Finance and Procurement, 0300 003 0106.

### Legal:

The joint working arrangements are based upon an agreement between the two Councils pursuant to section 113 of the Local Government Act 1972. This report fulfils the contractual commitment to review the implementation of joint working during year 2 of its operation.

Comments checked by Kevin Lane, Head of Law and Governance, 0300 003 0107

## Wards Affected

---

All

## Document Information

---

Appendix No	Title
Appendix A	Savings to Date
Background Papers	
None	
Report Author	Sue Smith, Joint Chief Executive
Contact Information	0300 003 90100 sue.smith@cherwellandsouthnorthants.gov.uk