

Cherwell District Council

Executive

4 July 2016

<p>Proposal for a Joint Property and Investment Service with South Northamptonshire Council</p>
--

Report of Head of Regeneration and Housing

This report is public.

The appendix is 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 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 Executive's agreement for the non-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 attached final business case and the consultation responses in relation to non-staffing matters as outlined in section 5.1.
- 1.2 To note that the business case will be considered by the Joint Commissioning Committee with regard to staffing matters on 21 July 2016. This will include consideration of the consultation responses from affected staff and trade union representatives.
- 1.3 To approve and implement the proposed final business case to share a joint Property and Investment Service between CDC and SNC, subject to similar consideration and approval by SNC Cabinet on 11 July 2016 and approval of the staffing implications by the Joint Commissioning Committee.
- 1.4 To delegate to the Head of Regeneration and Housing in consultation with the Leader of the Council any non-significant amendment that may be required to the

business case following the decision by SNC Cabinet and/or the Joint Commissioning Committee.

- 1.5 To approve the allocation of £90,000 from general fund balances to cover 50% of the potential implementation costs.

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.

Financial Case

- 3.7 The financial implications associated with the business case are set out in detail in Section 14 of the attached business case and section 6 of this report.

HR Implications

- 3.8 The staffing implications relating to the proposal will be considered by the Joint Council Employee Engagement Committee and the Joint Commissioning Committee on 21 July 2016.
- 3.9 As background information, 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.

Decision making timetable

The timetable and recommendations arising from the democratic process for both Councils is outlined in the table below:

Date	Committee and Council	Decision
04.07.16	CDC Executive	This meeting
11.07.16	SNC Cabinet	To be determined
21.07.16	Joint Council Employee Engagement Committee	To be determined
21.07.16	Joint Commissioning Committee	To be determined

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 address the medium term revenue gap.

5.0 Consultation

Group	Summary
All staff in-scope of the business case.	<p>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.</p> <p>The consultation log will be considered by the Joint Commissioning Committee on 21 July 2016.</p>
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 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. The full consultation log will be considered by the Joint Council Employee Engagement Committee and the Joint Commissioning Committee prior to a decision being made on the staffing elements of the business case. In total 26 questions were received and responded to. These were predominantly related to job descriptions, the proposed staffing structure, working arrangements and seeking clarification on a number of issues in the business case. A number of other individual and personal matters were also responded to.

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.

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.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected. The reasons for each option being rejected are set out in section 3 of the business case:

Status Quo (No Change)

Retaining the status quo is not considered a viable option for either Council. Both Councils are under resourced to deliver change required to ensure that the Councils make the most out their assets.

Alternative structure options

There is certainly scope to deliver the proposed Joint Property and Investment Service through an alternative delivery vehicle and this option would be explored further should the proposed service be established. However, it is recommended that the Corporate Property Management model be implemented effectively prior to the consideration of an alternative delivery vehicle for the service. Opportunities for wider collaboration through an alternative delivery vehicle potentially aligned to the One Public Estate Programme will also be considered in the future.

Three-way Collaboration and Shared Service (with other partners)

Three-way collaboration with other partners is certainly an option to consider in the future. However, there are no other existing relationships at a sufficient stage to consider as part of a three-way shared service at this point. The process of developing such a relationship is likely to be lengthy and while this option should be considered again in the future, it should not be pursued at this time to the detriment of this project.

- 6.2 The approach in the recommendations is believed to be the best way forward. The proposal is to establish a Joint Property and Investment service between CDC and SNC which will deliver significant improvements in existing asset performance.

7.0 Implications

Financial and Resource Implications

- 7.1 Section 14 of the draft business case sets out the financial implications.
- 7.2 The business case proposes (subject to job evaluation) an increase of £231,750 in staffing costs across both Councils.
- 7.3 Based on a cost allocation model the proposal represents an increase of £148,750 for CDC and £83,000 for SNC.
- 7.4 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.

- 7.5 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.
- 7.6 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.
- 7.7 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:

Paul Sutton, Chief Finance Officer, 0300 003 0106

paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.8 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.
- 7.9 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.
- 7.10 A decision making timetable is included in Section 17 of the draft business case.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107

kevin.lane@cherwellandsouthnorthants.gov.uk

Risk Implications

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

Comments checked by:

Claire Taylor, Business Transformation Manager, 0300 0030113

claire.taylor@cherwellandsouthnorthants.gov.uk

Equality Implications

- 7.11 An Equality Impact Assessment initial screening assessment has been carried out and it has been determined that the proposal does not have any adverse impact on

equality groups and as a result a full impact assessment and associated action plan is not required. This is included as part of the business case in Appendix 1.

Comments checked by:

Caroline French, Corporate Policy Officer, 01295 221586

caroline.french@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

Sound budgets and a customer focused council

Lead Councillor

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

Document Information

Appendix No	Title
1	Joint Property and Investment Service – Business Case EXEMPT
Background Papers	
None	
Report Author	Chris Stratford Head of Regeneration and Housing
Contact Information	0300 003 0111 Chris.stratford@cherwellandsouthnorthants.gov.uk