

<b>SUBJECT:</b>	<b>Proposal for Shared Arrangements</b>
<b>REPORT OF:</b>	<b>Leaders of Chiltern, South Bucks and Wycombe District Councils</b>

## 1. Purpose of Report

- 1.1 To propose the adoption of a Statement of Intent setting out our intention to share a single Chief Executive and Senior Management Team to serve Chiltern, South Bucks and Wycombe District Councils.
- 1.2 Recommendation to Cabinets and Councils :

The Cabinets are asked to recommend to the three Councils :

  - (a) that the Statement of Intent as set out in Appendix 1 be agreed,
  - (b) that the setting up of a Joint Member Working Group be agreed as soon as practicable after the May elections to oversee the development of a detailed Business Case and Inter Authority Agreement for all three Councils,
  - (c) that an initial budget be provided as necessary up to a total of £10,000 shared between the councils on the basis of population as set out in para 8.1 of this report , to undertake initial legal and HR work and provide any initial advice on the setting up of a single team.

## 2. Corporate Implications

- 2.1 This initiative aims to deliver savings through sharing and to open up opportunities for further savings in the future, whilst maintaining the sovereignty and independence of the three District Councils.
- 2.2 The Councils have a duty under section 4 of the Local Government and Housing Act 1989 to employ a Head of Paid Service.

Provision enabling the joint discharge of the Council's functions by local authorities is made under Section 101, sub-section 5 of the Local Government Act 1972 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 as amended).

Significant savings should result from the appointment of a single Chief Executive and Management Team but expenditure will be required to achieve the savings as outlined in this report.

## 3. Detail

- 3.1 The Leaders of the three southern Districts in Buckinghamshire have been discussing the possibilities for closer co-operation for some time and we are united in the view that such co-operation is not just possible but essential. It makes no sense for three councils to be located so close to each other without a very serious examination of the possibility of sharing Senior Management Teams and looking at a closer integration of services, but on a service by service basis.

Our discussions have led to this proposal which would see the current three Chief Executive posts, five Director posts and nineteen Heads of Service posts merged to form a single Management Team under one Chief Executive.

- 3.2 This shared team would be aimed at delivering financial savings for the three Councils but should not of course stop there. The commitment would extend to asking the new shared Management Team to then look at the possibilities for joining together service provision, rationalisation of assets including offices and an examination of the opportunities for smarter purchasing or procurement. Apart from the delivery of immediate savings, the arrangements would also open up the potential for further economies together with maintaining front line resilience, the option to share specialist teams and to actually positively improve services to the public by adopting best practice and learning from others.
- 3.3 However, perhaps the most crucial caveat is that the independence of the Councils would be maintained with the councillors in each of the authorities setting policy, service standards and monitoring delivery just as now. Thus the individuality of service provision in each area could also be maintained or even improved where it is of benefit to residents.

Thus there would be three key principles:

- (a) Preserving the sovereignty and independent identity of each council
- (b) Retaining councillor independence and leadership in each council
- (c) Retaining accountability both to councillors and externally to our residents for each council.

- 3.4 The national context is also important. The Councils have just suffered a severe grant settlement with up to a 30% reduction over 2011/12 and 2012/13 but must also all consider the final two years of the four year settlement, that is 2013/14 and 2014/15. Whilst the Government has said overall grant loss to councils is to be front loaded in the first two years, there is a growing view that the final two years of the settlement period will be severe as well.

If this is the case, whilst the finances of the three Councils are sound and we have all put in place the necessary savings and additional income to meet the cuts identified so far without a substantial effect on frontline services, such a situation cannot continue indefinitely and further major losses of grant may well impact on the frontline. If this can be minimised or even avoided altogether by making savings through sharing with similar councils then that must be good for residents as taxpayers and for those who receive our services.

- 3.5 The Government is encouraging councils to look at joining up and this has already happened with many pairs of District Councils getting together in various ways. Examples include the first of Adur and Worthing from 2006 but there are many others including South Oxfordshire/Vale of White Horse, Cherwell/South Northamptonshire etc. However, thus far no example exists of three councils getting together although Westminster City, Kensington & Chelsea and Hammersmith & Fulham Councils in London are currently discussing a closer working.
- 3.6 Finally, it is important that this is not seen as either a merger of the three Councils - they will retain their independent identity - or a move towards the creation of a unitary southern Buckinghamshire. The unitary question is one that must be decided by Government and this Coalition Government has made clear that they are committed in the foreseeable future to three tier working.

#### **4. Statement of Intent and Timescales**

- 4.1 The proposed Statement of Intent is attached as Appendix 1 to this report and sets out the principles behind the proposal. The Statement does exactly what it says on the tin in the sense that it is a political commitment but not a legal commitment, that comes later after the District elections.

It is important to also accept the need to make this arrangement work once all three Councils agree the Statement of Intent, and there are a series of commitments within it which attempt to broadly codify the basis on which we should move forward.

- 4.2 In terms of the timescale for these arrangements, the timescale envisages agreement for all three Councils by mid April and then subsequent to the elections, agreement to a legally based arrangement together with the appointment of executive search capacity to recruit the new Chief Executive. Depending on whether that individual comes from within the three Councils or is an external appointment, we anticipate the commencement of the new postholder sometime between October 2011 and January 2012.

#### **5. The Business Case and Risk Analysis**

- 5.1 An outline Business Case incorporating a risk analysis has been devised and is attached as Appendix 2 to this report.

The Business Case is not detailed and will have to be refined and expanded at a later date including looking at possible alternatives, but it does give a broad indication of the sort of immediate savings which can be expected and also points out the potential one off costs in terms of redundancies which might have to be paid before savings are delivered. Thus an illustrative payback period of between 1.5 and 3 + years can be envisaged.

- 5.2 A very important part of the Business Case is the risk analysis and the Councils need to consider the risks carefully. It must be recognised that so far no other three councils have undertaken similar arrangements and so there is no direct template to which we can work. Many pairs of councils have successfully joined in a variety of ways, all maintaining their individual sovereignty, and the lessons from those councils could be very useful and need to be taken into consideration.

There is also the complication of the elections which adds in a further degree of political uncertainty, particularly when viewed across three differing organisations. There is also the question of motivation, morale and impetus and there is a possibility that these key elements might experience at least a temporary downturn in the Councils until the new shared Chief Executive is appointed.

On the other hand, there are also substantial risks with doing nothing - quite apart from the potential impact on frontline services in the future there is also a growing perception from the public nationally that councils should be joining up and seeking as many efficiencies as they can.

#### **6. Governance Arrangements and Funding**

- 6.1 With the risks already outlined and the relatively complex nature of what we are proposing, at least until the shared Management Team is in post when the strategic running of the three Councils can be handed over to them, there will be a need for

robust and transparent governance arrangement which are seen to produce a partnership of equals rather than an arrangement which favours any particular council or group of interests, whatever their size.

At Appendix 3 are the proposed Terms of Reference for a Joint Working Group to be formed of councillors from the three Councils (four councillors from each, politically proportional). That Working Group is envisaged as reporting to the three Leaders who in turn will ensure that their Councils are kept updated and are invited to make any necessary decisions. The Working Group will operate until the new legal agreement, the Inter Authority Agreement, is finalised at which point the governance arrangements will need to be reconsidered. It might be that the Working Group continues or that more formal arrangements perhaps involving the Cabinets from each of the three Councils are put together.

- 6.2 In relation to funding, it is suggested that the costs incurred during this interim period before a formal legal agreement is reached post election, are shared according to the populations of the three Councils. Part of the Inter Authority Agreement will be to put in place a more permanent, long term arrangement for sharing the costs of the Chief Executive and Management Team and the costs of recruitment etc. That needs to be considered post May.

## 7. Communication with Staff

- 7.1 The three Chief Executives have held meetings with staff who might be directly affected by these proposals and also with the remainder of staff who will not be directly affected by the suggestion for a shared Chief Executive and Senior Management Team. They have also met separately with the various Staff Side and Union representatives.

Any staff views and comments will be reported and it is hoped that these will be available for the Special Joint Cabinet meeting but if not, they will be made available to the Council meetings. Further consultation will need to be undertaken in advance of relevant future decisions with staff directly affected as appropriate in line with local and statutory requirements.

It is important that the Councils take full note of any concerns that the staff may have before making a decision and that communication arrangements continue to be operated to ensure that our employees are fully informed and encouraged to submit their comments and concerns.

## 8. Finance and Other Resource Implications

- 8.1 Whilst the long term potential implications of these proposals are profound, they are also difficult to estimate beyond the Outline Business Case. However, there is likely to be the need in the short term to provide a small amount of funding for the Working Group to operate and where necessary, to obtain independent initial HR and legal advice. In accordance with the Statement of Intent this would be shared proportional to population. It is suggested that an initial budget of £10,000 be provided as it is felt this should be sufficient, but with any additional sums being brought back to the Councils for decision if needed.

This would be divided according to population as follows :

CDC	28.48%	Population	92,653	Cost	£ 2848
SBDC	20.84%	Population	67,800	Cost	£ 2084
WDC	50.68 %	Population	164,857	Cost	£ 5068
Total	100%		325,310		£ 10,000

## 9. Recommendations

9.1 The Cabinets are asked to recommend to the three Councils that :

- (d) the Statement of Intent as set out in Appendix 1 be agreed,
- (e) that the setting up of a Joint Member Working Group be agreed as soon as practicable after the May elections to oversee the development of a detailed Business Case and Inter Authority Agreement for all three Councils.
- (f) that an initial budget be provided as necessary up to a total of £10,000 shared between the councils on the basis of population as set out in para 8.1 of this report, to undertake initial legal and HR work and advice on the setting up of single teams.

<b>Contact:</b>	<b>Leader :</b> Cllr. Adrian Busby e mail: cllr.adrian.busby@southbucks.gov.uk <b>Leader :</b> Cllr. Lesley Clarke e mail : lesley_clarke @wycombe.gov.uk <b>Leader :</b> Cllr. Nick Rose e mail : nrose@chiltern.gov.uk
<b>Background Papers:</b>	